

AN EXPLORATION OF COLLABORATION AND ORGANIZATIONAL EFFECTIVENESS  
IN DENVER COUNTY HUMAN SERVICE ORGANIZATIONS

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## ABSTRACT

### AN EXPLORATION OF COLLABORATION AND ORGANIZATIONAL EFFECTIVENESS IN DENVER COUNTY HUMAN SERVICE NONPROFIT ORGANIZATIONS

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This study looked at the role of human service organizations' collaboration against the backdrop of the sometimes conflicting influences of New Public Management, the New Federalism, and PRWORA (welfare reform). The study examined the influence of Denver County human service nonprofit organizations' collaborative activities on the organizations' effectiveness. In order to understand collaboration's relative impact on organizational effectiveness, other organizational effectiveness factors measured in the study included management procedures, board of director performance, and change management. The study used a cross-sectional survey and focus groups to gather data. Using survey data from 143 Denver County human service nonprofit organizations and a series of focus groups comprising nonprofit managers and funders, it was found that human service nonprofit organizations are collaborating more now than five years ago. Respondents reported that mission fulfillment is the primary reason for their collaborations, though funding opportunities are also a factor. Other findings are that change management and collaboration are stronger influences on organizational effectiveness than management procedures and board performance. It was found that smaller organizations are more likely to collaborate and that collaboration is a stronger influence on smaller organizations' effectiveness. Focus group results indicate a perception gap between nonprofit practitioners and funders about

the level of collaborative activity within the Denver nonprofit community. Implications are discussed that include the need for dialogue in the nonprofit sector about collaboration, better measurement of collaborative activities, and training for nonprofit organizations in collaboration's principles and smart practices.

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## 1.0 STATEMENT OF THE PROBLEM

This dissertation is concerned with the relationship between collaboration and organizational effectiveness in nonprofit human service organizations that have traditionally been reliant on government funding. I have organized the dissertation into five chapters. The first chapter provides an introduction to the changes that welfare reform and the New Public Management have introduced to these nonprofit organizations. Both of these trends have significantly influenced the provision of human services by nonprofit organizations; while welfare reform has shifted responsibility for service provision from the public to the nonprofit sector and mandated collaboration in that process, the New Public Management has introduced the language of economics to nonprofit service provision. An overarching principle of the New Public Management, drawn from economics, is efficiency.

Chapter 1.0 will provide the context for how these two trends, one mandating collaboration, the other mandating efficiency, need to be understood in relationship to each other. For, as will be discussed, while collaboration is touted as a means to more effective service provision, there is little empirical support for this claim. It is hoped that this study will provide data that will provide a foundation for understanding the relationship between collaboration and organizational effectiveness.

Chapter 2.0 contains a brief overview of the history of the nonprofit human services organization, a review of the literature of relevant theories and research concerning nonprofit organizational effectiveness, and the relevant theories and research concerning collaboration. Chapter 3.0 details the research questions, research design, and research methods employed in

this dissertation. Chapter 4.0 provides a summary of the results of the quantitative and qualitative research. Chapter 5.0 has three thrusts: discussion of the research results, my conclusions based upon those results, and a discussion of future implications of this research.

## 1.1 THE PROBLEM

It is widely agreed that the demands on the U.S. human service nonprofit sector are increasing. The diminution of public services, the devolution of services from the public to the private sector, a global economy, urgent social justice issues, and entrenched vulnerability of a growing number of Americans are all pressing on the sector. With welfare reform in the late 1990s came the dismantling of the safety net<sup>1</sup> for needy Americans, and a shift of the responsibility of directly providing services and programs to poor Americans from the public to the nonprofit sector. Such a dramatic shift in policy priorities raises a number of important questions that bear on the impact welfare reform has had on nonprofit organizations. For example, how has the nonprofit sector responded to its expanded role and to what extent have nonprofit organizations changed as a result of this new role?

The major expansion of government support and provision of human services that took place in the 1960s and 1970s stopped in the 1980s and reversed course; “between 1977 and 1994, the real value of government spending on social services declined by 15 percent” (Salamon, 1999, p. 137). At the same time, however, as government support declined, the number of human and social services organizations increased. This growth is explained by Lester Salamon as a significant shift in the character of the social services field, as market relations and devolution entered the field. Salamon (1999) posits that there are two ways in

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<sup>1</sup> Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) set time limits on assistance and requirements for finding employment.

which this shift is evidenced; an increased reliance on fee income, and the growth of for-profit firms. Both of these factors have relevance for understanding the changing environment in which human service nonprofit organizations operate.

This shift in the nonprofit human services sector and its effects can be understood also within the larger context of a fundamental change in the nature of government. The *New Federalism* and the *New Public Management* are both factors in this shift. Both convey the changing political and economic nature of the federal government's role.

In its most distilled sense, the New Federalism refers to changing the federal government by giving more power to state and local government. Though devolution of powers from the federal to the state and local levels of government is an ongoing debate and has been debated in government for centuries, the 1990s brought that debate home in a new way to human service nonprofits. "Passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA)—more commonly known as welfare reform—set in motion a new round of devolution. It is the most visible, and arguably controversial, effort at devolution in the 1990s and is likely to reshape the existing government-nonprofit partnership, particularly through funding and contracting relationships" (Boris & Steurele, 1999, p. 112).

The New Public Management refers to a wide variety of major changes in the structuring sector. Scholars regularly describe patterns in public management policy-making in terms of the New Public Management (NPM). NPM has been characterized broadly as an administrative philosophy, transnational trend, and an increasingly pervasive style of providing public services.

The New Public Management's influence on organizing public services resulted in the development of output budgets, performance measurement, and programs like Total Quality Management; in other words, the application of private sector management tools to the public

sector. By extension, this influence has permeated to the nonprofit sector as well, given the devolution of services from the public to the private sector. “Far from displacing nonprofit organizations, government agencies have often enlisted them in the operation of government programs. The result is an extensive pattern of government-nonprofit cooperation in the delivery of human services with government functioning as the financier and the nonprofit sector as the deliverers of the services” (Boris & Steurele, 1999, p. 114). Additionally, in many human service delivery systems “the government/nonprofit contract relationship is developing into a collaborative, problem-solving type of partnership. Inevitably, close working partnerships lead to shared perceptions, values, expectations, and standards” (Clotfelter, 1992, p. 141).

One shared expectation and standard resultant from the devolution of human services from the public to nonprofit sectors is that human service nonprofit organizations, like public agencies, be more like businesses. Increasingly the language of business and economics—performance as defined by effectiveness and efficiency—is used in the management and evaluation of these organizations. There is pressure both to increase performance and to measure performance. However, unlike the private sector, where performance is better understood and defined, “performance measurement in the nonprofit sector is complicated by the range of parties that have a stake in what happens in these organizations. The struggle to find tools appropriate for this multidimensional task is taking place even as nonprofits are being asked . . . to produce clearly specified outcomes, not just documented units of service delivery” (Ott, 2001, p. 357).

The research reported on in this dissertation looks at a particular nexus between reforms in the nonprofit human services sector, especially in terms of management, and nonprofit performance. Specifically I examine the role that collaboration plays in the effectiveness of nonprofit performance. I focus on collaboration because of my perception that it is increasingly

important as a means for human service nonprofit organizations to fulfill their missions and because of personal experience as a nonprofit manager and a funder of nonprofit organizations. In addition, passage of PRWORA has added a new dimension of emphasis on collaboration and partnerships between the public and human service nonprofit sectors.

The organizational effectiveness of human service nonprofit organizations, given their increasingly primary role in the provision of programs and services, takes on new importance. The programs and services delivered by this sector are at times the only lifeline individuals and families have. My desire to focus on collaboration is likewise both personally and academically motivated. In my career as a public and nonprofit sector manager, I was involved in myriad collaborations. My early career experience was in women's and community development issues in rural Colorado. Early on, I learned that coming together with another agency or program was often the best way to accomplish my agency's objectives and goals.

In my ten years with the metro Denver Scientific and Cultural Facilities District (SCFD), a regional sales tax district that provides funds to just over 350 cultural nonprofits and local governments, I had the opportunity to engage in collaborative leadership efforts with other public and private funders. Together we forged a network of cooperation, coordination, and collaboration between and among ourselves. I also had the opportunity at the SCFD to create opportunities for collaborations between and among the cultural organizations that received funds from the SCFD. It was through the experience of assisting with the initiation, growing, and mentoring of collaborations that I learned the power of collaboration. I learned, too, that collaboration can have hidden costs that nonprofit organizations absorb (often without disclosing this to funders) that are not consistent with effective management practices. What I did *not* learn, however, was whether benefits had accrued to the organizations involved that were over

and above collaborative activities and the success of a collaborative project. In other words, had there been a positive, negative, or *any* impact on the organization as a kind of spillover effect from the collaboration? My experience with hundreds of nonprofit organizations led me to believe that the answer to this question would be affirmative and positive, but I had no way of knowing for sure.

I was interested, too in whether I would learn something new about Denver as a region, through researching collaboration and effectiveness. This dissertation builds on an earlier study I completed for the Tropman Institute, a branch of the Forbes Fund in Pittsburgh, “Capacity-Building in the Nonprofit Sector: A Comparison of Resources and Practices in Pittsburgh and Denver” (Hansberry, 2002), which compared the organizational capacity building resources and practices of human service nonprofit organizations in Denver, CO and Allegheny County, PA. The findings from that study indicated significant differences in the way the nonprofit organizations in the two regions view their collaborative behavior; Allegheny respondents indicate that they perceive that the nonprofits are not very collaborative, and Denver respondents perceive that the nonprofits in their region are highly collaborative.

In their consideration of trends in collaboration and nonprofit management, James Austin and Kevin Kearns have both considered the emergent role of collaboration in nonprofit service provision. In his book The Collaboration Challenge, James Austin (2000) states that “the magnitude and complexity of our social and economic problems are growing, and these problems are now outstripping the institutional and economic capabilities of individual nonprofit and business organizations to deal with them. As the commons grows more complicated and the identity of the keepers becomes less clear, collaboration has emerged as the new mandate” (p. 8). Kevin Kearns (2000) writes that “there are powerful political forces that are driving public and

nonprofit organizations toward collaborative (versus competitive) relations with their peer organizations. For example, the media and other critical observers have noted that nearly thirty thousand nonprofit organizations receive letters of certification each year from the Internal Revenue Service. They say that this level of growth inevitably leads to duplication of service and counterproductive competition among nonprofits for scarce community resources” (p. 241).

Despite these influences and despite the mandate of welfare reform to collaborate, little is known about whether collaboration has any bearing on nonprofit effectiveness. Additionally, it is not known whether collaboration is a “higher order” management skill or practice that can only be exercised when more fundamental organizational practices are in place. Is there, for instance, an organizational learning curve for which collaboration would be an effective management tool? This study will investigate what is already known to affect nonprofit organizational effectiveness, and will investigate whether there is a relationship between those factors and collaboration.

It is hoped that this descriptive cross-sectional correlation study will provide needed information about whether and in what ways collaboration improves the organizational effectiveness—and consequently the delivery of services from nonprofit human services organizations—and if so, how collaboration can be inculcated for the advancement of the sector.

## 1.2 PURPOSE OF THE STUDY

This dissertation’s inspiration and relevance is not limited to the Tropman research I described in Section 1.1. In greater part, it is motivated by a concern that, because of fiscal crises in all sectors of the economy as well as new policy and legislative mandates, there is an emphasis on collaboration in the nonprofit sector, particularly for human services. At the same time, there appears to be a lack of understanding on how this emphasis on partnership and



collaboration affects nonprofit organizations' abilities to fulfill their missions. What if this emphasis on collaboration does more to displace goals and dissipate resources than create synergies for enhanced performance?

This dissertation poses the following broad question; "Is there a relationship between collaboration and a nonprofit human service organization's effectiveness?" In this study, and as will be discussed in Chapter 2.0, organization effectiveness refers to what is also termed overall effectiveness, that is, looking at the entire organization and its ability to meet its goals. This is in contrast, for instance, with program effectiveness or service delivery effectiveness, both of which refer to elements of an organization's overall effectiveness.

The literature on nonprofit organizational effectiveness indicates that organizational effectiveness is influenced by the performance of the organization's board of directors (Green & Griesenger, 1996), the use of "correct" management procedures (Herman & Renz, 1996, 1998; Light, 2000), and the use of change strategies (Letts, Grossman et al, Herman & Renz, 1998). Thus, in my examination of collaboration and organizational effectiveness, I will also examine the relationship between collaboration and the performance of a nonprofit's board, the relationship between collaboration and a nonprofit's use of "correct" management procedures, and the relationship between collaboration and a nonprofit's use of change strategies.

In conclusion, private and public funders, faced with diminishing resources, are looking to human services nonprofits to demonstrate fiscal responsibility, eliminate duplication of services, and create synergies to accomplish their missions. The public sector is increasingly looking to the private nonprofit sector to provide services and resources, through either devolution or partnerships. It is the human service nonprofit sector, of all of the arenas of the nonprofit sector, that has been most impacted by the shifts in policy and funding that have

accompanied the New Federalism and the New Public Management. Both of these influences have continually thrust collaboration into the mix of possible tools for program and organizational effectiveness. What remains unknown is whether collaboration *is* an effective tool for achieving program and organizational efficiency and effectiveness.

## 2.0 OVERVIEW OF THE U.S. HUMAN SERVICES NONPROFIT SECTOR AND LITERATURE REVIEW

Chapter 2.0 contains an historical overview of the development of the U.S. human services nonprofit sector with a focus on partnerships between that sector and the public sector. The overview is followed by a review of the literature on collaboration and the literature on organizational effectiveness.

### 2.1 OVERVIEW OF THE U.S. HUMAN SERVICES NONPROFIT SECTOR

The history of the human service nonprofit sector and its relationships with the public and private sectors demonstrate that collaboration and partnership have been building blocks of the sector's development. The partnership between the human service nonprofit organization and the public sector dates back more than two centuries. Several scholars, including Hall (1992), Nielsen (1979), Bremner (1991), McCarthy (1997), and Salamon (1987), have observed that governmental partnerships with private philanthropy and nonprofit organizations date back to colonial times. Bremner (1988) describes Benjamin Franklin, for instance, as a proponent of public/private collaborations and that his political talents were never better displayed than in his ability to unite public and private support behind municipal improvements. Franklin played a leading part in the establishment of both the Pennsylvania Hospital and the University of Pennsylvania.

In Massachusetts, Harvard University is widely regarded as the earliest example of public support and nonprofit provision. "The situation of Harvard College, the oldest eleemosynary corporation in the colonies, illustrates well the anomalous status of all colonial corporations.

Although chartered as a corporation, the college was governed by boards composed of ministers of the tax supported Congregational church and government officials sitting *ex officio*. Although Harvard possessed a small endowment, given partly by benevolent colonists and British friends, it was regarded as a public institution because most of its revenues came from legislative grants and from tuitions and fees” (Powell, 1987, p. 16).

In his research on the history of the U.S. nonprofit sector, Roger Lohmann traces the American nonprofit back to colonial times and provides regional examples of charities based in religious traditions. Scottish immigrants to Boston formed the first ethnic mutual aid society in 1657; a French religious order founded the first American orphanage in New Orleans in 1718; and New England Puritans, Virginia planters, and Dutch colonists in New York and New Jersey all adopted church-based relief committees as the basis of colonial welfare systems.

A number of factors contributed to the increasing secularization of the American nonprofit sector, a development that primarily took place in the late nineteenth and early twentieth centuries, but that began as early as the establishment of Harvard College and the early funding of hospitals. Those factors include the continuing evolution of American law, which enabled the formation of private corporations (Hall, 1987); the enormous wealth that was generated at the end of the nineteenth century and beginning of the twentieth century (Young, 2001); and the invention of the private foundation. The latter factor, the invention of the private foundation, “was of great significance as it institutionalized the ability of private interests to fund nonprofit-sector activity in a focused manner” (Boris & Steuerle, 1999, p. 45).

Increasingly, charities looked to government for financial support. Early hospitals offered health care for indigent patients with their expenses paid by local or colonial governments. “A survey of seventeen major private hospitals in 1889 revealed that 12 to 13% of

their income came from government and a 1901 survey of government subsidization of private charities found that ‘except for possibly two territories and four western states, there is probably not a state in the union where some aid (to private charities) is not given either by the state or by counties and cities’ (Powell, 1987, p. 16).

Although government financial support of higher education, hospitals, and social services began in the early republic, there is general agreement among scholars that this support did not become extensive until the mid-twentieth century. The establishment of the federal Works Progress Administration (WPA) was a landmark in the evolution of the government/nonprofit relationship. Although Federal One and the Treasury arts program are the most familiar examples of Depression Era government patronage, the influence of the WPA extended to local cultural institutions as well, adding a new slant to the practice of third party government. For example, by 1933 the Metropolitan Museum’s investment income was diminishing as well, generating salary cuts. By 1936, however, staff costs were being offset by workers secured from the WPA (Hall, 1987).

After the increase in government and nonprofit partnerships represented by the WPA, the development of those partnerships slowed down during the New Deal. “The public/private partnership in public service, never dissolved but in abeyance during and for some years after the New Deal, took on new life in the 1960s and 1970s. The magnitude and scope of governmental support and contracting with nonprofits began to grow dramatically in the 1960s because of expansion in federal programs” (Boris & Steuerle, 1999, p.49).

Government support of nonprofits extended beyond social services. In a study of 16 local communities in 1982, government reliance on nonprofit organizations to deliver public services was found to be extensive in social services, housing and community development,

health care, and the arts. In each of these fields, more than 40% of government expenditures were allocated to private nonprofit organizations (Salamon, 1987). Though the early 1980s was a high-water mark in the partnership between government and nonprofit organizations in the delivery of public services, at least in terms of funding, “beginning in the Reagan administration, however, policy initiatives shifted toward cutbacks in government funding and encouragement of private organizations to take up the slack not only in terms of services delivery but resource support as well. Still, funded partnership arrangements between government and nonprofits persist and even continue to be the norm. With the acceleration of federal devolution in the 1990s, however, much depends on the propensity of state and local governments to compensate for federal budget cuts and exploit the flexibility of new block-granting arrangements to expand and diversify contracting with private providers” (Salmon, 1987, page 52). There are specific instances of this complementary relationship and its further influence on nonprofit collaboration. One example is the funding requirements contained in the Health Resources Services Administration’s (HRSA) AIDS Services Demonstrations Projects. “HRSA’s priority was to fund projects demonstrating a ‘comprehensive, cost effective, ambulatory and community-based health and support system’ for people with AIDS and HIV. HRSA chose projects which ‘provided appropriate alternatives to inpatient hospital care’ and at the same time, ‘coalesced broad-community support among agencies and programs” (Wallis, 1994, p. 42). In addition, passage of PRWORA, the welfare reform act, has had a profound impact on the relationship between government and the nonprofit sector and between and among nonprofit organizations.

Collaboration is promoted to the human service nonprofit sector (and the entire nonprofit sector) as a way of handling difficult economic times. The press is on for nonprofits to find new partners and collaborative opportunities in order to save money and avoid service duplication.

James Austin (2000) describes the external forces dictating collaboration “The imperative for collaboration stems from the rapid, structural, and probably irreversible changes being generated by powerful political, economic and social forces. The political mandate for fiscal austerity and a balanced budget slashed the traditional federal funding of many nonprofit organizations so we have more nonprofits chasing increasingly limited federal economic resources” (pp.7–8). The external environment is complex. Even as some public funds become *more* available to NPOs, e.g., through Welfare Reform, other funds are drying up. Crises in state budgets in the late 1990s and early twenty-first century contribute to this erosion of human and social service funding.

Passage of PRWORA affected the development of collaboration and partnerships between human service nonprofit organizations and state governments. “PRWOREA fundamentally altered state welfare programs by creating a federal block grant that caps federal aid to the states. In return, states have much more flexibility in running their welfare programs. Nonprofit organizations, especially those that provide services for low-income people, are being challenged to find new ways to alleviate poverty, encourage employment, strengthen families and reduce long-term dependence on welfare” (Boris & Steurerle, 1999, pp. 215–216). In essence, welfare reform has made explicit and strengthened the mandate of collaboration and partnership between the public and nonprofit sectors.

If, as these researchers contend, human service nonprofit organizations have been collaborating, even partnering, with government (and others) for decades in service provision to ensure a stable flow of resources and a place at the table, there is a pressing need to learn the effects of this activity on the individual human service nonprofit organization’s effectiveness. Austin (2000) poses the following question: “Achieving strategic fit ensures that two organizations will mesh, but the more critical question that should be continually asked is, what

is the collaboration's value to each partner?" (p. 87) Reiterating the earlier discussion of the New Public Management's emphasis on effectiveness and efficiency, it would seem that using collaboration as a management tool would only make sense if there were benefit to each of the partner's performance.

## 2.2 LITERATURE ON COLLABORATION

As will be discussed, for the purposes of this research, collaboration is defined as "a mutually beneficial and well-defined relationship entered into by two or more organizations to achieve common goals. The relationship includes a commitment to: a definition of mutual relationships and goals; a jointly developed structure and shared responsibility; mutual authority and accountability for success; and sharing of resources and rewards" (Mattessich & Monsey, 1993, p. 29). This definition contains the operational elements of collaboration and provides clarity about the autonomy inherent in collaborative relationships. This clarity will be important for the differentiation that needs to be made between collaboration and contracting (e.g., contracting between government and nonprofit organizations), collaboration and cooperation, and collaboration and coordination.

Cooperation is characterized by informal relationships that exist without any commonly defined mission, structure or planning effort. Information is shared as needed and authority is retained by each organization so there is virtually no risk. Resources are separate as are rewards.

Coordination is characterized by more formal relationships and understanding of compatible missions. Some planning and division of roles are required and communication channels are established. Authority still rests with the individual organizations, but there is some increased risk to all participants. Resources are available to participants and rewards are mutually acknowledged.

Collaboration connotes a more durable and pervasive relationship. Collaboration brings previously separated organizations into a new structure with full commitment to a common mission. Such relationships require comprehensive planning and well-defined communication channels operating on



many levels. Authority is determined by the collaborative structure. Risk is much greater because each member of the collaboration contributes its own resources and reputation. Resources are pooled or jointly secured, and the products are shared. (Mattessich & Monsey, 1993, p. 39)

There is a gap in the literature on the effects of collaboration on nonprofit organizational effectiveness and performance. Yet the theoretical literature on collaboration itself is large. The gap on the effects of collaboration on performance may be more reflective of the challenges of defining and measuring organizational effectiveness, not the fault of the collaboration literature. Still, collaboration itself can be an illusive animal. “Despite all the policy language and the emphasis on collaboration, capturing its meaning and intent can be challenging. Are organizations collaborating when they simply agree to share information with each other about their service activities, or does collaboration require some actual commitment to sharing of organizational resources or formal coordination of services? Most definitions assume the latter, that true collaboration requires mutual obligations among organizations and the belief that they can only maximize effectiveness and efficiency by working together, rather than alone” (Bardach, 1998, p. 8). The sharing of information about their service activities would fall under the rubric of cooperation, defined as “informal trade-offs and attempts to establish reciprocity in the absence of rules” (Gray, 1989, p. 15). “Defining collaboration is made complex by ambiguities in practical usage and scholarly disagreement about the term. In practice, collaboration is commonly interchanged with cooperation and coordination. By contrast, the majority of scholars distinguish among cooperation, coordination and collaboration” (Mattessich & Monsey, 1993, p.29). In her dissertation “Collaboration: Meaning and Measurement” Ann Marie Thomson (2001) provides an inventory of the state of collaboration research and states, “the literature on collaboration is vast, multi-disciplinary, lacking cohesion and fertilization across disciplines. Not surprisingly, the variety of definitions of collaboration mirrors the variety

of theoretical perspectives” (p. 24). Thomson identified 26 different definitions or perspectives on collaboration, perspectives as diverse as negotiated theory (Gray, 1989, 1996); institutional economics (Pasquero, 1991); public choice (Bish, 1978); organizational behavior (Hellriegel, Slocum, Woodman, 1986; Whetten and Cameron, 1991; Gordon, 1993); political theory (Roberts and Bradley, 1991); and strategic management and social ecology (Selsky, 1991). She provides a sample of those definitions:

- a process through which parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible (Gray, 1989);
- any joint activity by; two or more agencies that is intended to increase public value by their working together rather than separately (Bardach, 1998); and
- a positive, purposive relationship between organizations that retain autonomy, integrity, and distinct identity and thus, the potential to withdraw from the relationship (Cropper, 1996).

In their paper “Collaboration Among Rural Nonprofit Organizations in Southern Illinois and the Mississippi Delta,” Keith Snavelly and Martin Tracy (2000) use a definition of collaboration that includes Bardach’s dimension of increasing value, and a specificity of activity that grounds it for use: “Collaboration refers to working closely with other organizations where their missions overlap and intersect, and where the combining of resources leads to enhanced service effectiveness and efficiency. Service integration—concrete steps taken to break down organization barriers—is central to the process of forming collaborations” (p. 6). Service integration captures some central qualities of collaboration. A service integration approach calls upon agencies to combine organization structures through such procedures as sharing office

space, sharing client information, sharing staff and coordinating staff assignments, and jointly applying for grants or engaging in joint budgeting” (Kagan, 1993). John O’Looney (1994) contends that collaboration denotes the processes and governance approaches (e.g., negotiations, shared leadership, consultation and coordination, consensus building) that tend to promote a new service delivery system that is integrated. For O’Looney, service integration refers to this new, collaboratively built system.

Snaveley and Martin (2000) created a collaboration measurement instrument that includes questions about nonprofit human service organizations’ collaborative activities. The section on collaborative activities looks at five areas of activity: case management, community planning, two types of organization integration, and inter-organizational planning. As will be discussed in Chapter 3.0, in addition to measuring collaborative activities their instrument measures items that fall under the definition of “cooperation” and “coordination” activities.

Returning to the definition of collaboration that is guiding this research, the essential elements of Snaveley and Martin and Cropper’s definitions of collaboration are present in the following definition derived by Mattessich and Monsey (1993): “Collaboration is a mutually beneficial and well-defined relationship entered into by two or more organizations to achieve common goals. The relationship includes a commitment to: a definition of mutual relationships and goals; a jointly developed structure and shared responsibility; mutual authority and accountability for success; and sharing of resources and rewards” (p. 29). Mattessich and Monsey’s definition most concisely captures the elements of collaboration as discussed by Thompson, Snaveley, and Martin and will serve as the working definition of collaboration for this dissertation.

In summary, there are three key points that the literature on collaboration illustrates. The first, that collaboration's definition can be illusive, made so in part by ambiguities in practical usage and the multiple theoretical streams from which the term has been derived. The second key point is that, in practice, collaboration is often used when the activity at hand would be better described as cooperation or coordination. The third point illustrated by the literature on collaboration is that little is known about the impact of collaboration as a management tool in the nonprofit sector.

### 2.3 LITERATURE ON NONPROFIT ORGANIZATIONAL EFFECTIVENESS

The following discussion of the literature on nonprofit organizational effectiveness has three thrusts. The first, to discuss what is known about *conceptual frameworks* for understanding nonprofit organizational effectiveness; the second, to discuss what is known about the *measurement* of nonprofit organizational effectiveness, and the third, to discuss what *factors are already known* to influence organizational effectiveness. The understanding of what is *already known* to influence organizational effectiveness will provide a baseline with which to look at collaboration's relationship (or lack of relationship) with nonprofit organizational effectiveness. Additionally, the understanding of the factors that influence organizational effectiveness will assist in determining whether collaboration can be considered a higher order management practice.

This third thrust, the desire to find the factors that are already known as influences on organizational effectiveness, helps lay the foundation for the formulation of this dissertation's research questions.

### 2.3.1 Nonprofit organizational effectiveness frameworks

While the literature on organizational theory and effectiveness is extensive, it has been only since the mid-1970s that a body of research and literature focused on nonprofit organizational effectiveness has been developed. In a review of the literature on nonprofit organizational effectiveness from 1977-1997 Daniel Forbes identifies five “eras” of development of frameworks for assessing organizational effectiveness in nonprofits. Those eras and corresponding frameworks are as follows:

- goal attainment, which measures effectiveness by the degree to which organizations meet their goals (assumes that goals are identifiable and unambiguous);
- system resources, in which an organization’s viability is equivalent to its effectiveness and is measured by its success at utilizing political, economic, and institutional resources to maintain its existence;
- reputational, which measures effectiveness by the self-report of key persons (staff, clients, outside professionals) who are familiar with the organization at hand;
- competing values framework, which includes the three value dimensions of organizational focus, organizational structure, and organizational ends and means, and measures effectiveness in several ways simultaneously; and
- emergent approach, which asserts that definitions and assessments of organizational effectiveness do not constitute discrete analytic objectives but are instead subject areas to be explored (Forbes, 1998).

As will be discussed, the framework and accompanying measures that will be used for examining the relationship between collaboration and organizational effectiveness in nonprofit

human service organizations must reflect the exigencies of these organizations and the specific focus of the research. Stanley Seashore (1983) states that “the aim is not to produce a neat, unified theory about, or a new definition of, the elusive concept of effectiveness, but rather to produce a framework that will aid coherent thought and judicious action by those who are compelled by their leadership roles or their research tasks to choose a definition of effectiveness that suits their unique purpose” (p. 55). “Of particular value is to identify the trade-offs inherent in accepting one model versus another, and how relationships among variables change when different models are used” (Cameron & Whetten, 1983, p. 3). Other theorists and researchers share the view that there is no one best model for organizational effectiveness and that the use of one framework over another is based upon the specific research task (Green & Griesinger, 1996; Herman & Renz, 1996, 1998; Cameron & Whetten, 1983).

The goal attainment model of organizational effectiveness, as discussed by Daniel Forbes (1998), assumes that an organization has defined purposes and goals and that the effectiveness of an organization can be measured by the degree of attainment or progress towards those goals. In the goal model, the organization is seen as an entity contrived and controlled to serve the purpose of the key stakeholders who have some controlling power in defining the operative purposes of the organization (Seashore, 1983; Stone & Cutcher-Gershenfeld, 2002; Green & Griesinger, 1996). The model refers not to goals inherent in the organizational system itself but to goals people have for the organization. An application of the goal model to the question of the relationship between collaboration and organizational effectiveness would seek to learn whether collaboration has assisted an organization in meeting its goals.

Common criticisms of the goal model are that organizational goal statements often lack specificity, fail to prioritize among different goals, and do not include unofficial but still

important goals (Mohr, 1982). Still another criticism of the goal attainment model posits that if an organization has set its goals low in order to reach them, then attainment of those goals does not reflect effectiveness. Herman and Renz (2003) put forth the inadequacies of the goal attainment model when they ask whether an organization is truly effective if it accomplishes its goals for the year but must close because it has failed to raise adequate funds, and whether an organization is effective if they set their goals so low that they are easily accomplished, or set goals that are irrelevant to the needs of their clients.

The system resources model, in which an organization's effectiveness is equivalent to its viability, is measured by its success at using political, economic, and institutional resources to maintain its existence. The model has been described by Stanley Seashore as envisioning the nonprofit organization as the following:

An intact behaving entity, autonomous except for interdependence with an environment in the form of information and energy exchanges. . . . The central propositions of this theory are concerned with system boundaries, differentiation and integration of the subsystems that are "parts" of the focal system—input-transformation-output processes, boundary transactions, and system maintenance processes (Cameron & Whetten, 1983, p. 57).

Seashore posits that the natural systems model suggests that "effectiveness should be described and evaluated with reference to all attributes of the system, that effectiveness indicators must be treated as intact sets, and that there is a network of linkages within the model that may be causal in both directions" (Cameron & Whetten, 1983, p. 58). Kushner and Poole (1996) have adapted the natural systems framework in their work with arts and other types of nonprofit organizations. Their adaptation of the systems model will be further discussed in this chapter.

The reputational framework looks to the self-report of key persons (staff, board, clients, outside professionals familiar with the organization) and is conceptually similar to the multiple

constituency model. The multiple constituency model recognizes that organizations have (or comprise) multiple stakeholders or constituents who are likely to differ in the criteria they use to evaluate the effectiveness of an organization (Tsue, 1990; D'Aunno, 1992). The multiple constituency model holds that differing sets of stakeholders have different goals and perceptions of what constitutes organizational effectiveness. The organizational effectiveness literature has yielded the multiple constituency construct as a means of measuring an organization's performance and ability to fulfill its mission. By its very nature a multiple constituency approach implies the use of a variety of performance measures in assessing organizational effectiveness.

The competing values framework takes from the reputational framework in its tenet that multiple viewpoints are germane to organizational measurement and from the systems resource model that stresses multiple dimensional measurements. Likewise what Forbes has termed the emergent approach to organizational effectiveness draws from the other frameworks described by Forbes.

Herman and Renz's (1998, 1999, 2002) and Kushner and Poole's (1996) work with organizational effectiveness seems emblematic of an emergent approach. The concepts they are bringing forward build on the previous eras. They incorporate elements of the system resource model, in which an organization's viability is equivalent to its effectiveness and is measured by its success at utilizing political, economic, and institutional resources to maintain its existence. These scholars also include elements of the reputational model, which measures effectiveness by the self-report of key persons (staff, clients, outside professionals) who are familiar with the organization at hand. They do make use of the goal attainment model as one, but not the only, dimension of effectiveness.



As Cameron and Whetten (1983) have summarized, there cannot be one universal model of organizational effectiveness, and second, it is more worthwhile to develop frameworks for assessing effectiveness than to try to develop theories of effectiveness. Because there are so many competing organizational theories, and therefore theories of organizational effectiveness, it is difficult to imagine a universal set of criteria of organizational effectiveness (Schneider, 1983; Goodman, Atkin & Schoorman, 1983; Nord, 1983). In summary, the choice of a conceptual framework must be driven by specific research questions.

## 2.3.2 Measurement of nonprofit effectiveness

2.3.2.1 Nonprofit effectiveness is multidimensional. According to Harrison & Shirom (1999), the multidimensional nature of organizational effectiveness is reflected in the myriad definitions and measures devoted to its analysis. “To contribute to successful diagnosis, the effectiveness criteria in use should be appropriate to the focal organization and to the diagnostic issues under study. Different stakeholders often use divergent effectiveness criteria to assess the same organizations. This tendency toward pluralistic views and demands by stakeholders is particularly evident in not-for-profit organizations” (Cameron & Whetten, 1983, p. 268). “The ideal performance assessment system in a nonprofit organization would acknowledge the existence of multiple constituencies and build measures around all of them. It would acknowledge the gap between grand mission and operative goals and develop objectives for both the short term and the long term. It would guard against falling into any of the traps outlined in this chapter by developing an explicit but complex array of tests or performance that balance clients and donors, board and professionals, groups of managers, and any of the other constituencies with a stake in the organization” (Powell, 1987, p. 164).

### 2.3.2.2 Use of subjective measures for working with organizational effectiveness.

Numerous organizational effectiveness scholars have posited that subjective as well as objective measures of effectiveness are applicable. Herman and Heimovics (1996) conducted focus group research with nonprofit chief executives, technical assistance providers, and funders to learn what measures were most applicable. They found that participants were reluctant to endorse easily measured criteria such as unit costs. More often they found that participants regarded non-financial data as more important, e.g., conducting and using needs assessments, having a plan,

participating in community collaborations, measuring client satisfaction, recruiting effective board members, and having a clear mission statement (Herman & Renz, 1998, 1999, 2002; Kushner & Poole, 1996).

2.3.2.3 The impact of nonprofit typology. It is critically important to understand how to work with different “types” of nonprofit organizations in order to make progress in understanding the practices, tactics, and strategies that may lead to NPO effectiveness. Measuring effectiveness must take into account the very different missions, goals, and tactics of organizations of different genres (Flynn & Hodgkinson, 2002; Wolpert, 2002; Salamon, 2002). Julian Wolpert (1994) makes a case for the importance of understanding and considering the diverse dynamics inherent in nonprofit organizational typology given the sector’s widely divergent distributional benefits. The question posed by this dissertation—Does collaboration influence nonprofit effectiveness in human service nonprofit organizations?—recognizes the inherent differences within the typology of nonprofit organizations.

2.3.2.4 Measurement model. What criteria and measures are best suited to understanding the influence of collaboration on organizational effectiveness? One potentially useful model was developed by Kushner and Poole (1996) to investigate how organizational structure influences organizational effectiveness. The model measured constituent satisfaction, resource acquisition effectiveness, internal process effectiveness, and goal attainment. Kushner and Poole (1996) posited that these components contribute both directly and indirectly to overall organizational effectiveness, in a particular sequence. The Kushner/Poole model satisfies the requirements that an organizational effectiveness model be multidimensional, that it include subjective as well as objective measures, and

that it be specific to the typology of the organizations being studied. The following discussion summarizes the model and its relevance for application to the research question. Importantly, Kushner and Poole (1996) argue that their model is not specific to a sector, and that “used as a framework for analyzing organizational performance, it should match the industrial and sectoral context of the data and the objectives of a study” (p.122).

2.3.2.5 Constituent satisfaction. In order to match the context of the research question and the objectives of this dissertation, one needs to think of how constituent satisfaction could be best used as a measure of nonprofit human service organizational effectiveness. Kotler and Andreasen (1996) have posited that there are multiple constituencies that a nonprofit organization must deal with: input publics (donors, suppliers, and regulatory agencies), internal publics (management, boards of directors, staff, volunteers), intermediary publics (merchants, agents, facilitators, marketing firms), and consuming publics (clients, local publics, activist groups, general publics, and the media). The questions posed by Kushner and Poole (1996) in their model touch on each of the four kinds of “publics” identified by Kotler and Andreasen: input, internal, intermediary, and consuming.

2.3.2.6 Resource acquisition effectiveness. The ability to acquire resources is a dimension of nonprofit effectiveness on which many researchers have focused (Massarky, 1994; Fogal, 1994; Anthony & Young, 1994; Herman, 1990; Kushner & Poole, 1994, 1996). “Resource acquisition is another well-recognized nonprofit performance objective. It is growing in importance as government funding declines, and as competition for both available donor funds and qualified personnel (paid staff or

volunteers) increases” (Padanyi, 2001, p. 83). The ability to amass resources and internal financial effectiveness speaks to the processes by which resources (funds, staff, clients) needed for the organization are obtained and allocated, and the division of labor and capital needed for the production and delivery of services is established.

2.3.2.7 Internal process effectiveness. Internal process effectiveness speaks to issues such as unit cost of service and product delivered, and its importance stems from what has been termed the “means achievement model” of organizational effectiveness (Murray & Tassie, 1994). In this case “means” refers to “means to the end.” “Managers needed to know which of their many decisions contributed to financial success. This results in the ‘means’ focus. Keeping costs low is an important ingredient in producing desired financial results, as is productivity, quality, and the speed with which program changes are made to meet changing user demands” (Murray & Tassie, 1994, p. 308). This set of measures speaks to the organization’s efficiency.

2.3.2.8 Goal Attainment. A model for analyzing and measuring organizational effectiveness must be applicable to the sector in question and it must comprise measures that are meaningful. The discussion earlier of the goal attainment model of nonprofit organizational effectiveness talked about the goal attainment model’s assumptions that an organization has defined purposes and goals and that the effectiveness of an organization can be measured by the degree of attainment or progress towards those goals. The criticisms of the goal model discussed earlier stem in part from a sole reliance on goal attainment as the indicator of organizational effectiveness. However, the Kushner/Poole model is multi-dimensional and employs multi-dimensional performance measures. Additionally, the model provides indicators for goal attainment that are both quantitative (e.g., how well an organization met their audience and

budget objectives) and qualitative (e.g., the process whereby goals were developed and evaluated) (Kushner & Poole, 1996, p. 122).

The measures in the Kushner/Poole instrument, which correspond to the components of their model of effectiveness, were translated into a series of ordinal measures of effectiveness. Those measures were then calculated into an unweighted average of the ordinal measurements. This average represented an overall rating scale of effectiveness. In addition “the authors specified endpoints (best and worst cases) and the kind of variation between endpoints” (Kushner & Poole, 1996, p. 124).

2.3.2.9 Influences on nonprofit effectiveness. A review of the literature about collaboration as discussed above reveals a gap in the empirical evidence on whether collaboration does or does not affect organizational effectiveness. Not surprisingly, there is a parallel gap in the literature on nonprofit effectiveness; collaboration is missing from that literature as well. That literature review (of factors known to impact nonprofit effectiveness) does reveal that there are three factors known to affect organizational effectiveness: use of correct management procedures (Herman & Renz, 1998, 1999, 2002), board of directors’ performance (Green & Griesinger, 1996), and development of change strategies (Herman & Renz, 1998).

It was through the identification of these three factors that the research questions and research hypotheses for this work began to take shape. Albeit the primary interest is in exploring the relationship between collaboration and organizational effectiveness, these other organizational influences provide a context for that exploration and for a better understanding of organizational effectiveness.

Through an understanding of management procedures, board of directors' performance, and change strategies and the methods used to measure these factors, a better assessment can be made of how to consider and measure collaboration as a factor influencing nonprofit organizational effectiveness. Each of these factors will now be discussed.

2.3.2.10 Use of Correct Management Procedures. The use of correct management procedures has been identified by researchers as being correlated with nonprofit effectiveness (Herman & Renz, 1998, 1999, 2002; Light, 2002). In their research, Herman and Renz (1998) developed a measure of use of correct management procedures through focus groups and Delphi process with nonprofit practitioners.

Herman and Renz (1998) conducted two rounds of Delphi and then, based upon high level of agreement, ceased the process. "For use in subsequent portions of the research we selected as objective effectiveness indicators those items that (a) could be fairly easily measured by an outside observer and that (b) received an average importance rating of 8.0 or higher in the second round of the Delphi process. Thus, the items that make up objective indicators of nonprofit organizational effectiveness are as follows:

1. mission statement;
2. form or instrument used to measure client satisfaction;
3. planning document;
4. list or calendar of board development activities;
5. description of or form used in CEO/executive director performance appraisal;
6. description of or form used in other employee performance appraisal;
7. report on most recent needs assessment;
8. bylaws containing a statement of purpose;

9. independent financial audit;
10. statement of organizational effectiveness criteria, goals or objectives; and
11. board manual (Herman & Renz, 1999, p.18).

In their research Herman and Renz (1999) determined that “practitioner-experts do not rely on bottom-line outcomes as meaningful indicators of objective organizational effectiveness, preferring instead evidence of following correct procedures, or doing things right” (p. 20). These findings further strengthen the basis for using the results of the Delphi process on objective effectiveness criteria. This emphasis on adoption of best practices is consistent with legitimation within nonprofits, in that organizations are likely to imitate or adopt “approved” procedures as a way to achieve or maintain their legitimacy. This is especially true when there is substantial uncertainty about the methods for achieving preferred outcomes or when those outcomes are difficult to measure (Meyer & Rowan, 1977; DiMaggio & Powell, 1983).

These 11 items, representing correct management procedures, also resonate with Paul Light’s (2002) research on high performing nonprofits. In looking at the internal management structure of high performing nonprofits, Light finds that these organizations are “clear about responsibility” and “use their boards.” Additionally, Light found that high-performing nonprofits “use data to make decisions,” hence the importance of the form or instrument used to measure client satisfaction, the needs assessment, and the independent financial audit.

The Tropman research (Hansberry, 2002) that was the inspiration for this dissertation developed a profile of characteristics of high capacity, or effective nonprofits, through a Delphi process whose participants included senior executives, grant makers, and consultants. The Delphi group reviewed definitions of organizational capacity drawn from Grantmakers for Effective Organizations, a national organization founded in 1998 to promote effective philanthropy, and



from literature on the topic. There was consensus on the following definition: “A nonprofit human service organization’s capacity is its long-term ability to achieve its mission effectively and efficiently through its management, governance, and persistent re-dedication to achieving results” (Hansberry, 2002, p. 22). Additionally the research Delphi group generated a list of characteristics of high capacity nonprofits. Those characteristics overlap with Light’s (2002) description of high performing nonprofits and with Herman and Renz’s (1998, 1999, 2002) identification of the correct management procedures that highly effective nonprofits employ: a clearly defined mission; capable and motivated leadership; results-oriented programs; ability to access human, information, and material resources; adaptive capacity; and efficient operation and management support systems (Hansberry, 2002).

In subsequent research, Herman and Renz (1998) confirmed that the more effective organizations used more of the correct management practices (as defined by the focus groups of experienced practitioners) and that use of more of the correct procedures is positively correlated with judgments of organizational effectiveness for all three stakeholder groups (funders, board members, and senior managers) studied. “Since these results derive from a cross-sectional study, they legitimately could be construed to mean either of two things: that the use of correct practices leads to being judged an effective organization or that being judged as effective leads to acquisition of additional resources, which then makes it easier to adopt correct management practices” (Herman & Renz, 1998, p. 36).

As this discussion indicates, proving causality for whether use of correct management procedures leads to effectiveness or whether effective organizations are more able to adopt correct management procedures is challenging. The hope for this research is to show whether there is a relationship between use of correct management procedures and effectiveness and

whether there is a relationship between use of correct management procedures and collaboration. As will be discussed in the Methods chapter, portions of Herman and Renz's (1998) instrument are incorporated in the research design for this dissertation.

Further, it can be logically postulated that the use of correct management procedures can lead to increased board of directors' performance. As has been discussed, the use of correct management procedures can lead to the perception of effectiveness and to the acquisition of resources. Interestingly, simply using correct management procedures (regardless of how effectively they are used) can lead to outside perceptions of organizational effectiveness. One of those resources can be the attraction of individuals to the organization's board of directors. Board of directors' performance is another important factor in organizational effectiveness.

2.3.2.11 Board of Directors' Performance. Numerous studies, using various methods and organizational effectiveness frameworks, have been able to determine a relationship between board effectiveness and organizational effectiveness.

There is a body of research that has looked at the performance of nonprofit boards of directors (Herman, Renz & Heimovics, 1997; Kearns, 1995; Herman & Renz, 1998, 1999, 2002; Jackson & Holland, 1998, 1999; Green & Griesenger, 1996; Bradshaw, Murray & Wolpin, 1992). Within this body of research, there is a subset of studies that have looked specifically at the relationship between the performance of nonprofit boards of directors and organizational effectiveness (Herman & Renz, 1998, 1999, 2002; Jackson & Holland, 1998, 1999; Green & Griesenger, 1996; Bradshaw, Murray & Wolpin, 1992). "Many have assumed that the nature of this relationship is that board performance causes organizational effectiveness. To date, only one study makes the case that board performance is a direct cause of organizational effectiveness" (Herman & Renz, 2002, p. 3).

Green and Griesinger's 1996 study of nonprofit boards and organizations explored the relationship between board performance and organizational effectiveness. Thirty-three activities in nine areas of board responsibility were examined through questionnaires and interviews with board members and chief executive officers of 16 nonprofit organizations serving developmentally disabled adults. Rankings of organizational effectiveness were determined using external evaluators and accreditation surveys. "A significant relationship between board performance and organizational effectiveness was found, and the board activities most strongly correlated with organizational effectiveness were reported, and included policy formation, strategic planning, program monitoring, financial planning and control, resources development, board development and dispute resolution" (Green & Griesinger, 1996, p. 389).

Green and Griesinger (1996) used a panel of evaluators from the Commission on Accreditation of Rehabilitation Facilities (CARF), the government agency from which all of these agencies serving developmentally disabled adults receive funding, to rate the 16 sites into four groups. The groups ranged from most to least effective. A second set of ratings was performed by one individual, CARF's regional officer, again using four groupings. A third set of ratings was derived by site visits, interviews, and review of archival materials, all performed by the researchers. A composite rating was developed by weighting each of the evaluations equally. The reliability of the composite measure can be indicated by the degree of agreement among the three ratings sets that make up the measure. "Since the three evaluations were made by different persons and methods, a measure of their consistency also provides an indication of the validity of the composite effectiveness measure. An alpha coefficient value of .87 was obtained which lends strong support for the reliability and validity of the organizational effectiveness measurements" (Green & Griesinger, 1996, p. 390).

Board performance does not exist in isolation within an organization. A board is one organizational component, and, as such, must be understood in the context of other organizational components. Because this is a descriptive, cross-sectional study, causal relationships between management procedures and board performance cannot be determined. What can be explored, however, is whether there are relationships between board performance, management procedures, and the other factors known to affect effectiveness. One might posit, for instance, that an organization that effectively uses management procedures might be better positioned to attract high performing board members. One could also posit that an organization that uses management procedures effectively understands how to manage board process and that board process (leading to board performance) can itself be seen as a management procedure. Through measurement of board performance, measurement of effective use of management procedures, and measurement of the other influences on organizational effectiveness, the relationship between collaboration and effectiveness can be made clearer. In addition, as will be discussed next, the use of change management strategies is another factor that has been determined to be related to nonprofit organizational effectiveness. The measurement of change strategies will include measurement of the abilities of key board members to manage change—thus there is a link between these two factors, board performance and change management.

2.3.2.12 Use of Change Management Strategies. Herman and Renz (1998) discuss Benjamin Schneider's (1983) description of interactional psychology's contribution to organizational effectiveness and another of the influences on nonprofit organizational effectiveness: the adoption of explicit change management strategies. The adoption of change management strategies is done best, according to Schneider, by the calculated inclusion of people who are open to the future. If organizations do not have people who can comprehend new

realities and make appropriate strategic decisions for redirecting organizational energies, they will experience what Argyris (1976) calls “dry rot.” Dry rot, according to Argyris, refers to the tendency of organizations over time to become increasingly unresponsive to signals from the larger environment that change is necessary.

Use of change management strategies stems from what the open systems model of organizational effectiveness calls “how an organization responds and adapts to environmental change” (Cameron & Whetten, 1983, p. 57). Letts, Ryan, and Grossman, in *High Performance Nonprofit Organizations* (1999), describe three types of organizational capacity that nonprofits have the potential to develop. The first two types, “program delivery capacity” and “program expansion capacity,” are self-explanatory and have been researched and supported extensively in the past. It is the third type, “adaptive capacity,” that the authors feel is most compelling to examine. They describe adaptive capacity as follows:

The ability to know whether a program is really relevant, given the changing needs of clients and communities; or whether it is really well-delivered, given the tendency of staff to burn out and of quality to slip. It is still another thing to know where and how to change programs and strategies so that the organization is delivering on its mission. For an organization to be more than the sum of its programs, it needs the ability to ask, reflect, and adapt. (Letts, Ryan & Grossman, 1999, p. 21)

The use of change strategies has been identified as an influence in nonprofit organizational effectiveness (Herman & Renz, 1998; Schneider, 1983; Tucker, Baum & Singh, 1992) The specific change strategies that have been identified as correlated with nonprofit organizational effectiveness are legitimation, retrenchment, and new revenue strategies (Herman & Renz, 1998; Bielefeld, 1992).

Within the context of NPO change management strategies, legitimation refers to strategies that organizations employ to adapt to or change rules and norms (Bigelow, Stone &

Arndt, 1996). In the typology of change strategies created by Galaskiewicz and Bielefeld (1998) in which they borrow from stakeholder theory (Freeman, 1984; Evan & Freeman, 1988) organizations can employ internal and external legitimation strategies. Internal strategies might include instituting affirmative action programs and diversity training; acquiring external referents of prestige; and making audits and annual tax forms available to public. External legitimation strategies include lobbying elected officials, forming PACs, image marketing, making charitable contributions, and seeking endorsements (Galaskiewicz & Bielefeld, 1998). Adopting new and fashionable forms of management practice can also help legitimate an organization. These practices send signals to stakeholders that the firm is innovative and is committed to the rational pursuit of organizational improvement (DiMaggio & Powell, 1983; Deephouse, 1996). The cultural orientations that organizations adopt in response to institutional pressure grant them legitimacy and entitle them to funding and other forms of support. Adoption of the expected cultural forms also helps buffer institutionalized organizations from intervention by clients and by regulators (Meyer & Rowan, 1977). The use of change strategies of legitimation, development of new resources, and retrenchment is measured in this research as an independent variable, using the measurement instrument developed by Herman and Renz (1998).

2.3.2.13 Summary of factors that influence nonprofit organizational effectiveness. The challenge with each of the factors discussed in this section is the lack of a clear understanding of how they impact organizational effectiveness. For instance, there is no research on exactly how the use of correct management practices affects organizational effectiveness. Herman and Renz (1998) underscore this point when they state, “several cross-sectional studies, including our earlier analysis (in a panel study) support this thesis (that there is a relationship). This does not, however, mean that the reverse is true—that NPOs that use correct practices automatically will

be judged to be more effective” (p.5). One possible interpretation of the influence of the use of correct management practices on effectiveness is that these practices can be viewed as indicators of effective management and that NPOs that use them are likely to be regarded as effective. This could in turn increase their legitimacy and thereby their chances of securing increased funding. These increased resources can help the organization keep up with changing best practices. However, the exact mechanism whereby use of correct management procedures influences organizational effectiveness is not clear.

Similarly, in discussing board effectiveness, Herman and Renz (2002) state the following:

Boards of directors make a difference in the effectiveness of nonprofit organizations, but how they do so is not clear. Several studies, each using different kinds of nonprofits and different ways of understanding and measuring board and organizational effectiveness, have documented a relationship between board effectiveness and organizational effectiveness. Many have assumed that the nature of this relationship is that board effectiveness causes organizational effectiveness. However, to date, only one study provides evidence in support of the assertion that board effectiveness is a cause of organizational effectiveness.” (p. 3)

The third factor, use of change management strategies, likewise comes without a causal portfolio. One can theorize that use of change management strategies can affect effectiveness in numerous ways, but to date, the research has not developed the exact nature of the relationship. These challenges of causality notwithstanding, there is research that substantiates that an effectively performing board of directors, use of correct management procedures, and use of change strategies are related to organizational effectiveness, thus providing a platform on which to measure collaboration’s relationship to organizational effectiveness. The rationale for looking at all three of these factors plus collaboration is to develop a model that will explain as much about effectiveness, the dependent variable, as is possible. It is within this context that

collaboration will be evaluated for its relationship with nonprofit organizational effectiveness and the strength of its relationship with factors that already have an established position in the literature on nonprofit organizational effectiveness. Additionally, studying the strength of collaboration relative to these other factors will provide useful information that will assist in testing whether these factors can be considered as antecedent behaviors or mediating variables for collaboration's role in nonprofit organizational effectiveness.

The identification of these factors of effective use of management procedures, board performance, and change management, provided a framework with which to understand and evaluate collaboration and effectiveness. This study employed these factors as independent variables, along with collaboration. Nonprofit organizational effectiveness served as the dependent variable. This study measured organizational effectiveness, collaborative behavior, use of change strategies, correct management procedures and board performance of human service nonprofit organizations. The scores that each organization received on these measures, measured through a self-administered questionnaire and telephone survey, were compared for the level of relationship among these factors.

As will be discussed in Chapter 3.0, the research questions that guide this dissertation have been derived from these reviews of the literature on the U.S. human services nonprofit sector, the literature on the factors that affect nonprofit organizational effectiveness, and the literature on collaboration. The gap that this dissertation seeks to fill is a better understanding of collaboration's role in nonprofit organizational effectiveness. Additionally this dissertation seeks to understand whether there is a temporal or causal linkage between and among the factors that are known to affect nonprofit organizational effectiveness: management practices, board



performance, and change strategies as they relate to collaboration. That is, are those factors antecedent behaviors to collaboration?

Drawing upon the literature and my previous research, I have developed four models that capture what is known about what influences organizational effectiveness and collaboration.

The following figures illustrate these models.

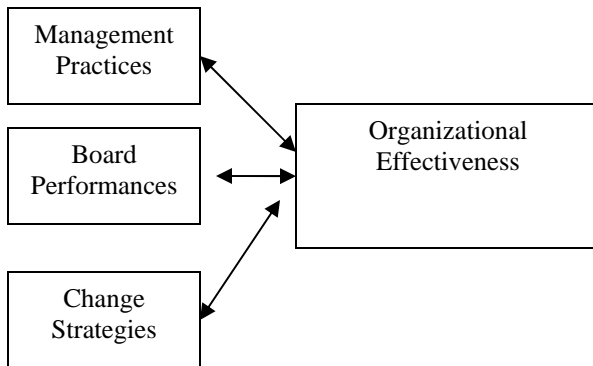


Figure 2.1: The model that reflects the literature review of factors that affect organizational effectiveness

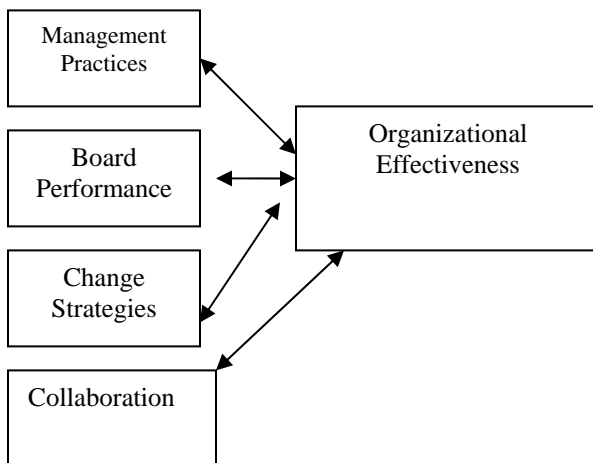


Figure 2.2: The model that reflects the literature review of factors that affect organizational effectiveness with the addition of collaboration

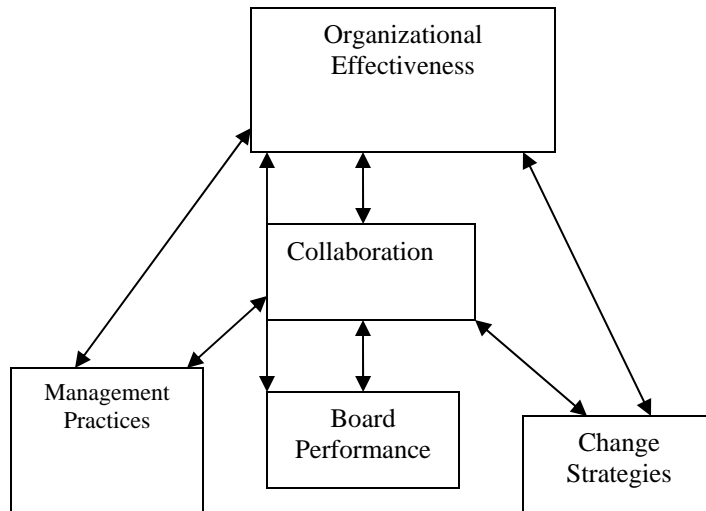


Figure 2.3: The model that looks at the relationships between collaboration and management practices, board performance, and change strategies; collaboration and organizational effectiveness; and management practices, board performance and change strategies, and organizations effectiveness

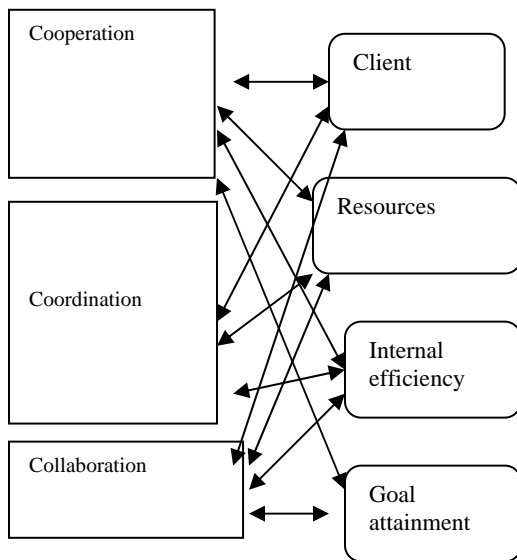


Figure 2.4: The model that looks at the relationships between the clusters of activities that make up the collaboration measurement and the components of organizational effectiveness

Figure 2.1 provides an illustration of the results of the literature review of factors that influence organizational effectiveness. Figure 2.2 provides an illustration of the addition of collaboration as a factor that influences organizational effectiveness. Figure 2.3 illustrates the model that will look at whether management practices, board performance, and change management are factors that influence collaboration. Finally, Figure 2.4 shows the relationships between the components of organizational effectiveness and the components that make up the “collaborative spectrum,” as discussed in Chapter 2.

Figures 2.2 and 2.3 provide the illustration of the conceptual frameworks on which the research questions and research hypotheses for this study are based. As seen in Figure 2.2., the relationships to be explored are the relationships between collaboration and organizational effectiveness; collaboration and management practices; and collaboration and board performance, collaboration and change strategies. As also illustrated in Figure 3, the relationships between management practices, board performance, change strategies, and collaboration will be explored.

Figure 2.4 illustrates the relationships that will be explored between and among the dimensions of collaboration and the dimensions of organizational effectiveness.

As will be discussed in Chapter 3.0, it is the exploration of these relationships that drive the following research questions:

1. Is there a relationship between collaboration and nonprofit effectiveness?
2. Is there a relationship between collaboration and board of directors’ performance?
3. Is there a relationship between collaboration and use of “correct” management procedures?
4. Is there a relationship between collaboration and use of change strategies?

### 3.0 RESEARCH METHODS

#### 3.1 GENERAL METHODOLOGY

This descriptive study examines the relationship between collaboration, board performance, management procedures and change management, and organizational effectiveness in human service nonprofit organizations located in Denver County, Colorado. The data for this study were gathered using a survey of human service nonprofit organizations and through the use of three focus groups. The participants in two of the focus groups are nonprofit managers and the third group comprised representatives of funders and foundations.

This study uses a cross sectional correlation design. A correlation design can indicate the strength of the relationships between and among variables. Additionally, advantages of cross-sectional studies include the ability to classify a high volume of information by type, frequency, and central tendency and to analyze data for numerous relationships.

#### 3.2 RESEARCH QUESTIONS/VARIABLES/HYPOTHESES

In the last chapter, I identified a set of variables that would form the conceptual model for the analysis of collaboration and NPO effectiveness. Three factors have been identified in the literature as possible factors in nonprofit organizational effectiveness: use of “correct” management procedures, use of change strategies, and board performance. These factors, with collaboration, are independent variables for this study. The study’s dependent variable is organizational effectiveness. All of these variables are “continuous” variables, measured on interval scales, that is, variables that do not have a minimum-sized unit of measurement and that

have a range. “Continuous variables do have a range and each case receives a score within this range. At the very least, continuous variables represent a rank ordering, with larger values meaning more of the property in question than smaller values” (Kerlinger & Lee, 2000, p. 73). An interval scale possesses the rank-order characteristics of an ordinal scale, but also demonstrates known and equal distances or intervals between the units of measurement. Therefore, relative difference and equivalence within a scale can be determined. What is not supplied by an interval scale is the absolute magnitude of an attribute, because interval measures are not related to a true zero (Portney & Watkins, 2000).

The following research questions were formulated in order to explore the relationships between and among this set of variables:

1. Is there a relationship between collaboration and nonprofit effectiveness?
2. Is there a relationship between collaboration and board of directors’ performance?
3. Is there a relationship between collaboration and use of “correct” management procedures?
4. Is there a relationship between collaboration and use of change strategies?

The corresponding study hypotheses, stated as null hypotheses, are as follows:

- Null Hypothesis 1: There is no relationship between collaboration and a nonprofit human service organization’s effectiveness.
- Null Hypothesis 2. There is no relationship between collaboration and board of directors’ performance.
- Null Hypothesis 3. There is no relationship between collaboration and use of “correct” management procedures.

- Null Hypothesis 4. There is no relationship between collaboration and use of change strategies.

### 3.3 DATA COLLECTION METHODS/SURVEY

#### 3.3.1 Survey

A survey and a series of focus groups were used to collect the data for this study. A survey was chosen for the following reasons: the desire to collect data from a group of organizations too large to observe directly; the need for a large number of observations because of the desire to analyze several variables simultaneously; and surveys allow for standardized questions and format (Babbie, 1986).

In order to address the primary research question—Is there a relationship between collaboration and organizational effectiveness?—questions about levels of collaborative activity and questions measuring organizational effectiveness were asked. Additionally, in order to ascertain the relationship between the three other independent variables, respondents were asked to answer questions about board performance, use of correct management practices, and use of change strategies. Scores for each organization for each of the independent and dependent variables were derived by summing the scores from each of the questions asked. All of the items in each of the five scales used were weighted equally.

As discussed in Chapter 2.0, portions of measurement instruments created by other researchers and discussed in the literature review were used to look at the relationships between the variables. The collaboration measures were derived from questions used by Snavely and Martin (1998) in their work comparing the collaborative activities of rural human service nonprofit organizations in two states. The board performance measures were derived from

questions generated by Green and Griesenger (1999) in their work on measuring board performance with higher education. The measurement of the ability to use change strategies was derived from work that identified legitimation, retrenchment, and new revenue strategies as the change strategies that correlate to organizational effectiveness (Herman & Renz, 1998; Bielefeld, 1992).

In their research, Herman and Renz (1998) developed a measure of use of correct management procedures through focus groups and Delphi process with nonprofit practitioners that has been adapted for this study. As discussed in Chapter 2.0, Snavelly and Martin (1998) created a collaboration measurement instrument that includes questions about nonprofit human service organizations' collaborative activities. The section on collaborative activities looks at five areas of activity: case management, community planning, two types of organization integration, and inter-organizational planning (Snavelly & Martin, 2000). Snavelly (2002) has used this same instrument in subsequent research that is looking at perceptions and attitudes towards collaboration.

As discussed earlier, meaningful measures of nonprofit organizational effectiveness must be multi-dimensional in order to capture the full scope of this concept. The Kushner/Poole (1996) measure of nonprofit effectiveness is multidimensional and employs multidimensional performance measures. Additionally, the model provides indicators for goal attainment that are both quantitative (e.g. how well an organization met their audience and budget objectives) and qualitative (e.g., the process whereby goals were developed and evaluated).

The measures in the Kushner/Poole (1996) instrument which correspond to the components of their model of effectiveness were translated into a series of ordinal measures of

effectiveness. Those measures are then calculated into an unweighted average of the ordinal measurements. This average represented overall rating scale effectiveness.

The survey was organized into seven sections. Section One comprised six questions that asked about the organization's mission and location. Section Two comprised 11 questions that asked about the organization's use of management procedures. These questions are specifically about the "correct" management procedures identified as one of the study's independent variables. Section Three has five questions that ask about the organization's use of change strategies. Section Four has 19 questions that relate to the performance of the organization's board of directors. Section Five has 15 questions that ask the respondent about the kinds of collaborative activities the organization engages in and whether those activities are with other nonprofit organizations or with public and/or private sector organizations.

Section Six is measuring organizational effectiveness, the study's dependent variable. The questions in this section correspond to the four components of the Kushner/Poole (1996) model of organizational effectiveness. There are seven questions concerning constituent satisfaction, six questions concerning resource acquisition effectiveness, 10 questions concerning internal resource effectiveness, and nine questions concerning goal attainment.

Section Seven asks six questions about demographic information about the person who is completing the questionnaire and six questions about the organization's sources of funding and level of staffing. The questions in Section One and Seven can be considered objective measures, whereas the questions in Sections Two, Three, Four, Five, and Six can be considered subjective measures.



### 3.3.2 Survey validity and reliability

The measures for the variables in this study were derived from previously validated instruments and scales, thus helping to ensure construct validity and thereby negating threats to valid measurement. For instance, the construct validity of the measurement instrument used to measure organizational effectiveness can be evaluated in its continuing use in Kushner's research with private K-12 schools and with the elements of this scale that are found in other similar scales (Herman & Renz, 1998, 1999, 2002; Tsui, 1990; Zammuto, R.F., 1984; Sowa, Seldon & Sanford, 2004). Ronald Kushner (2002) addresses validity of the organizational effectiveness instrument in his paper "Action Research Validation of an Inventory of Effectiveness Measures":

The ultimate internal validity of the System Performance Drivers will be demonstrated as organizations that use this approach and conduct subsequent evaluations using the same measurement indicators. So far, this has not occurred in enough organizations to present a report. Interim results are favorable, however . . . some positive possibilities appear likely from the inventory and the systems model. The systems framework gives a consistency not only across organizations, but is also a clarifying mindset for some managers. Thus, it contributes to a common language. It is both scalable (e.g. moving from five components to 40-plus), and upgradeable (can be modified, can be customized). (Kushner, 2002, p. 38)

Further analysis of the internal validity of the measures indicates that history, maturation, attrition, and statistical regression are not at issue, as this is a one- time descriptive study. The other threats to internal validity are instrumentation, selection, and the interaction of any two of these threats.

Use of a standardized survey instrument reduces the threat of instrumentation. The threat of selection has been addressed by surveying the entire population of Denver human service nonprofit organizations so that there are no population characteristics over or under-represented

in the study. Finally, the possible interaction of any of these threats is reduced by the absence of any single threat.

The four most common threats to external validity are reactive effects of testing, the interaction effects of selection biases, and the independent variable, reactive effects of experimental arrangements and multiple-treatment interference (Campbell & Stanley, 1963). Two of these threats—reactive effects of testing and multiple-treatment interference—are negated as this is a one-time data collection study, and there was no pre-testing with potential respondents. The reactive effects of experimental arrangements threats are minimized because this is a standardized self-administered survey.

The fourth threat to external validity is the interaction effects of selection biases and the independent variables. This threat refers to whether the selection of participants can affect generalization of results. With the exception of collaboration, the independent variables used in this study—management practices, change strategies, and board performance—have been identified as being factors affecting nonprofit organizational effectiveness. The body of research from which these factors have emerged engaged a wide array of nonprofit organizations—arts and culture, higher education, developmentally disabled service organizations, and human service organizations. Therefore, albeit this research was limited to human service organizations, it is anticipated that its results might be generalizable to other genres of nonprofit organizations.

It is not, however, anticipated that these results will be generalizable to other regions of the U.S. Regional differences are too pronounced in their influence; in fact, the research that was the inspiration for this dissertation uncovered regional differences between Allegheny County and Denver County. Numerous scholars have compared and contrasted U.S. regions in

various arenas. Annalee Saxenian's research, for instance, looks at industrial culture, collaboration, and competition in Silicon Valley and Boston's Route 128 and finds marked differences between them (Saxenian, 1994).

Of the primary methods used to assess reliability—test/retest, alternative measurement, split-halves, and the determination of the coefficient alpha of internal efficiency (Cronbach's Alpha)—the alternative measurement and Cronbach's Alpha are preferred. For the purposes of this research, alternative measurement is not practical; therefore, and as will be discussed further, Cronbach's alpha coefficient will be used to assess reliability. When working with a correlation matrix, the formula for Cronbach's alpha is as follows:

$$\text{Alpha} = Np/[1+p(N-1)]$$

where N is equal to the number of items in a scale and p is equal to the mean inter-item correlation. In assessing reliability determination methods, interpretations of Cronbach's alpha have been determined to be closely related to that given for reliability estimates based on the split-halves method. Additionally, there is research that has determined that Cronbach's alpha can also be derived as the expected correlation between an actual test and a hypothetical alternative form of the same length (Nunnally, 1978; Carmines & Zeller, 1979). The alpha level used for this research is .70. The widely-accepted social science cut-off is that alpha should be .70 or higher for a set of items to be considered a reliable scale, but some use .75 or .80 while others are as lenient as .60 (Aiken, 1996).

### 3.3.3 Use of subjective measures

Many researchers have considered the choice between seeking and using subjective versus objective data. Cameron and Whetten (1983) outline the positives and negatives of each data type as follows: Objective data is quantifiable, potentially less biased than individual

perceptions, but frequently is only gathered on “official” effectiveness criteria or criteria for public image purposes. Subjective data, however, can tap into a broader set of criteria from a broader set of sources.

Many nonprofit researchers have used subjective measures in order to study nonprofit effectiveness (Herman & Renz, 1998; Kushner & Poole, 1996; Green & Griesinger, 1996; Herman & Renz, 2003; Jackson & Holland, 1998; Holland & Jackson, 1998; Herman, Renz & Hermovics, 1997). In their work, Herman and Renz (1998) have posited that nonprofit effectiveness is a social construction, that is, effectiveness is whatever significant stakeholders think it is, and there is no single objective reality “out there” waiting to be assessed. In the world of NPOs there are annual reports, program outcome reports, site visits by funders, stories told by CEOs to board members, funders and others and so on. These activities, like (baseball) pitches, are nothing until someone calls or interprets them. That is, they are not significant until someone forms judgments of effectiveness from them and uses or acts on their judgments (Herman & Renz, 2002, p.5). Another factor weighs in the argument for the use of subjective data: “There are no standard sets of outcomes or measures used by nonprofit organizations, which precludes being able to gather common performance data from study respondents. Not surprisingly, the few empirical nonprofit studies utilizing performance as a variable have relied heavily on subjective data” (Padani, 2001, p.98).

#### 3.3.4 Data source—executive directors

The cover letter and survey were sent to the CEO/Executive Director of the organization when that information was available. When there was no listing of that individual’s name, the surveys were addressed to “Executive Director.”

The use of executive directors/key organizational representatives as data sources has been discussed in the literature. In discussing the perspective from which organizational effectiveness is (should) be judged, Cameron and Whetten (1983) conclude that there is no agreed upon decision rule as to the perspective to be used. Practically speaking, it is incumbent upon the researcher to seek out the most informed source of information to use as his/her source.

In seeking out the most informed source of information, it was determined that executive directors' key position in information flows, expertise, and full-time career commitments means that they are generally held responsible for organizational success by their organization's various constituents (Cutt et al., 1996) and are, therefore, likely to be the most informed source of information about their organizations. Herman and Renz (1998) have argued that Executive Directors are more likely to base effectiveness judgments on substantive outcomes, and not mere anecdotal evidence. In their research on the relationship between nonprofit board effectiveness and organizational effectiveness, Green and Griesinger (1996) compared board self-reports and assessments by each board's executive director/CEO. They found that "whereas both sets of data yield board performance scores that correlate with organizational effectiveness, the correlations for the CEO data were stronger and statistically more significant. Although we do not entirely discount the board-reported data, we believe that the CEOs were in a better position than individual board members to assess the diverse contributions of the entire boards and less susceptible to self-evaluation bias" (pp. 398–399).

### 3.3.5 Target population/survey strategy

The proposed sample frame for this research was drawn from the entire population of Denver human service organizations. The population was constructed by cross-referencing lists from The Colorado Association of Nonprofit Organizations (CANPO), the Urban Institute's

Bureau of Charitable Statistics, and the list of contractors with the City and County of Denver's Department of Human Services. The NTEE taxonomy for human services was used as a guide to define the parameters of the genre of organization with the exception that recreation and sports nonprofit organizations classified under the "N" subcategory were excluded from the study as were national organizations that are based in Denver County but that do not necessarily provide services or interact with the residents of Denver County. The construction of the population of nonprofit human service organizations, as with the Tropman research completed in 2002, is guided in main by the NTEE taxonomy and the following commonly accepted definition of a human service nonprofit organization: "Agencies that provide direct income and other material support, individual and family services, day care, residential care (except for nursing homes), job training, mental health and addiction services, non-hospital health care, agencies that engage in community organizing, advocacy or community development. It excludes hospitals, schools, arts, culture and recreational institutions" (Salmon, 1999, pp. 135–136).

According to the Urban Institute's Bureau of Charitable Statistics, the Colorado Association of Nonprofit Organizations and the Colorado Secretary of State Office's records there are 572 nonprofit human service organizations in Denver County.<sup>2</sup> This population includes two groups that are not included in this study: the first, 57 national organizations (associations) that are based in Denver County, and the second, 69 groups that provide recreational and sports activities. The elimination of these groups reduces the population to 446. The survey instrument and cover letter were sent to this population.

This population consists of human service organizations incorporated as 501c (3) under the Internal Revenue Code. It does not include organizations that operate with another

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<sup>2</sup> Additionally the City and County of Denver's Department of Human Services list of nonprofit human service provider subcontractors was consulted to ensure that those organizations were included.

organization as a fiscal agent or without any incorporating status. While it is recognized that there are many organizations that are unincorporated and provide useful and necessary services, the difficulty in categorizing their genre without the benefit of their participation in the National Taxonomy of Exempt Entities (NTEE), the difficulty in locating them, and the subsequent difficulty of extending the research from this dissertation to a potentially unstable population base mitigated against their inclusion.

### 3.3.6 Sample size

A statistical power analysis can assist in determining sample size. A statistical power analysis refers to the ability of a statistical test to detect relationships between variables. “Power is a direct function of four variables: a) alpha level, b) sample size, c) effect size, and d) the type of statistical test being conducted” (Newton & Rudestam, 1999, p. 71). An acceptable alpha level for the social sciences is .05, which was the level used for this research. The effect size is a function of the size of the relationships in the population under investigation. The type of statistical tests being conducted are forward multiple regression and correlation analyses.

Descriptive studies tend to require larger sample sizes than experimental studies in order to estimate or establish that there are relationships between the variables. There are a number of methods for determining sample sizes. The major methods are via either statistical significance or confidence intervals. Because the hope is to be able to discern subtle effects, statistical significance determined the sample size for this design.

The sample size must be large enough to be sure to detect the smallest worthwhile effect or relationship between the variables. “To be sure” means detecting the effect 80% of the time. Detect means getting a statistically significant effect, which means that more than 95% of the

time you would expect to see similar results. Put another way, there is less than 5% chance that there is no effect at all.

In a descriptive study the recommended ratio for subjects (observations) to variables ranges from 15–20-to-one. Additionally, the range of response for mail studies is 25–40%. Therefore, in order to draw a large enough sample for the number of variables under observation the entire population of Denver County Human Service Organizations (with the exclusion of national human service associations and recreation organizations) was surveyed.

### 3.3.7 Survey process

The survey questionnaire was mailed on August 23, 2004 to executive directors with a return envelope, postage included. A follow-up postcard was mailed to non-respondents about two weeks after the initial mailing, and then again about 10 days after that. Two weeks after the second follow-up mailing, phone calls were made to non-respondents, and they were given the opportunity to respond by phone or to receive another survey in the mail. The survey, cover letter, and reminder postcard text are included in Appendix A.

The survey was sent to 446 organizations on August 23, 2004 with a due date of September 17, 2004. Reminder postcards were sent on September 3, 2004 to all 446 organizations. A second wave of reminder postcards was sent on September 13, 2004 to 419 organizations. (It had been determined that a percentage of the surveys that were returned had been mailed to organizations that no longer existed.)

As of October 27, 2004 the survey response was 77 surveys, or 19.8%. At this time, the name and federal EIN of each non-responding organization was checked on the Colorado Secretary of State's office searchable database to ascertain its viability. Of the nonresponding



organizations, 34 were found to be either dissolved, delinquent, or no results were found. Therefore, the adjusted survey sample population was 354.

In order to increase the study's response rate, phone numbers were located for the 277 organizations that had not responded in order to contact the organizations and arrange for telephone survey completion. The method of selecting which organizations to contact was to divide the list of 277 organizations into alphabetical halves, and to call alternately from the list that included organizational names that began with A–M and from the list that included organizational names that began with N–Z.

Eighty-five organizations were contacted, and 66 of those organizations responded and agreed to participate in a phone interview, using the same survey as the self-administered mail survey. Between October 29, 2004 and December 2, 2004, 66 phone interviews were conducted to complete surveys.

In his comparison of the advantages and disadvantages of mail and telephone surveys, James H. Frey (1983) summarizes that, concerning data quality, these two methods are more alike than dissimilar. In the areas of not obtaining socially desirable responses (that is, where respondents tell the interviewer what the respondents assume are more socially desirable answers to questions) and in assurances of confidentiality, mail surveys are superior. In the case of this research, however, the phone surveys were arranged by contacting potential respondents and getting their agreement to participate. At that time they were assured of confidentiality of their responses. This prior knowledge and their assent, it is hoped, alleviated the need to provide socially acceptable responses and seem to indicate their faith in the confidentiality of the research. In the other areas Frey examined, impact of questionnaire length on response, ability to

ask sensitive questions, and ability to ask complex questions, the two methods were deemed comparable (Frey, 1983).

Table 3.1 provides the final response rate and categories of non-response. One hundred forty-three (40.4%) organizations fully completed the survey. Table 3.1 provides a summary of those organizations.

Table 3.1: Response rates and categories of non-response

<b>Categories of sample elements</b>	<b>N</b>	<b>Percent of organizations</b>	<b>Percent of organizations reached</b>
	446	100 %	
Bad addresses	23	5.1%	
Organizations have moved from Denver County	17	3.8%	
No longer in operation	52	11.6%	
Organizations reached	354	79.3%	100%
Surveys not returned	205	45.9%	57.9%
Surveys returned spoiled or incomplete	4	.8%	1%
Surveys returned but not human service nonprofits	2	.4%	.5%
Qualified surveys	143	32%	40.3%

### 3.3.8 Pre-testing of questionnaire

The group of individuals who pre-tested the survey questionnaire was comprised of individuals who have nonprofit management experience and individuals who have research experience. These individuals were asked to review the survey cover letter and questionnaire and answer the following questions in writing:

- Can I eliminate some of the questions?

- Are all of the words understood?
- Do all of the questions have an answer that can be marked by every respondent?
- Is each respondent likely to read and answer each question?
- Given my research questions, have I included all of the necessary questions?
- Does the mailing package (envelope, cover letter and questionnaire) create a positive impression?
- Other comments and suggestion?

Recommendations from this group primarily addressed language clarity, formatting, and elimination of redundant questions.

### 3.4 DATA COLLECTION/FOCUS GROUPS

One of the limitations of survey research is the inability to engage respondents in open-ended questions. The use of focus group interviews is a qualitative research method that can add different types of data that can provide a more comprehensive understanding of an issue. Focus groups can be considered as a kind of group interview and allow for more open-ended questions and data collection than the quantitative survey. The choice of focus groups as an additional data collection method was driven by the desire to provide more interpretative data about survey results and to ask more open-ended questions. According to Krueger (1994) focus groups are a data collection procedure with the following characteristics:

1. focus groups involve homogeneous people in a social interaction in a series of discussions;
2. the purpose of focus groups is to collect qualitative data from a focused discussion; and
3. focus groups are a qualitative approach to gathering information (p. 37).

To provide additional information about the research questions, three focus groups were conducted with nonprofit representatives. These individuals were chosen based upon their familiarity with nonprofit management and the nonprofit sector in Denver County and/or the State of Colorado. An effort was made to exclude individuals who were part of the population surveyed for this research. The choice of three groups is determined by research that indicates that, in focus group interviews, typically the first two groups with a particular audience segment provide a considerable amount of new information, but by the third or fourth session a fair amount has already been covered. The goal is to conduct groups until the researcher reaches theoretical saturation. Theoretical saturation is a concept coming from grounded theory, which was described by Glaser and Strauss (1967). With theoretical saturation, one samples until each category of investigation is saturated. Strauss and Corbin (1990) describe it as a situation that occurs when “(1) no new or relevant data seem to emerge regarding a category; (2) the category development is dense, insofar as all of the paradigm elements are accounted for, along with variation and process; (3) the relationships between categories are well established and validated” (Krueger, 1994, p.88).

### 3.4.1 Focus group selection and participant description

The participants in the first two focus groups are members of two executive directors’ leadership groups. I contacted the conveners of these groups and asked whether I could interview the group member as part of my dissertation research. Both groups’ members agreed to participate.

Group One, which comprised relatively new nonprofit managers, has been meeting for just five years. The group meets monthly and has a paid convener. Group Two comprised experienced executive directors. The group has been meeting monthly for more than 12 years

and likewise has a paid convener. Group Three was held in conjunction with a monthly meeting of Colorado Funders and Foundations and comprised four foundation representatives. Each of the focus groups was approximately an hour in duration. I led them and tape recorded them.

### 3.4.2 Focus group process

Participants were told prior to the focus groups' convening that they would be discussing issues concerning collaboration within nonprofit organizations. At the focus groups they were given a verbal introduction to the research and to the progress of the survey process to date. They were not told until the conclusion of the focus group sessions about the research questions/hypotheses that are guiding this research.

After introductions, the first activity conducted in each of the focus groups was to ask the participants to complete the section of the "Nonprofit Organizational Effectiveness Survey" that measures collaborative activities. The purpose of this activity was to give the focus group participant a context for the discussion about collaboration. After each of the participants completed the questionnaire, they were given a copy of the survey results to date so that they could compare their answers with those results. This activity was designed to ground the participants in the dimensions of collaboration. The subsequent questions that were asked and discussed are contained in Chapter 4.0.

The focus group sessions were tape recorded (with participant permission) and were transcribed and summarized. The results of the three focus group sessions are presented in Chapter 4.0.

### 3.5 HYPOTHESIS TESTING

The data collected from the measurement of the independent and dependent variables were used for testing the study hypotheses. The first hypothesis states that there is no relationship between collaboration and a nonprofit human service organization's effectiveness.

Each organization received a score from the responses to questionnaire questions in Section Five, concerning collaboration, and a score from respondents' answers to Section Six, concerning organizational effectiveness. These scores were regressed, that is, the independent variables of change management, collaboration, management practices, and board performance were regressed on the dependent variable organizational effectiveness, resulting in a correlation coefficient,  $r$ , known as the Pearson correlation, which indicates the strength of the relationship between the independent and dependent variables. The first statistical test was performed through a correlation matrix, which is a square, symmetrical matrix in which each row and each column represent different variables; located at each intersection of an arrow and column is the bivariate correlation between the two variables. Additionally, because there is a need to understand the relationship between and among all of the variables as measured, all of these variables were analyzed through partial correlations.

In order to investigate the power of the relationship between collaboration and effectiveness a forward stepwise multiple regression was performed. "The purpose of multiple regression is to model or group variables that best predict a criterion also known as dependent variable (DV). The procedure examines the significance of each IV to predict the DV as well as the significance of the entire model to predict the DV" (Mertler & Vannatta, 2002, p. 194). The researcher's choice of which of the three primary multiple strategies—standard multiple regression, sequential multiple regression, and stepwise multiple regression (Tabachnick &

Fidell, 1996)—to use is dictated mainly by the knowledge to that point of the independent variables. In standard multiple regression all of the independent variables are entered into the equation simultaneously, with no preference given to any one variable.

In sequential multiple regression, a researcher may want to examine the influence of several predictor IVs in a specific order. Using this approach, the researcher specifies the order in which variables are entered into the analysis. Substantive knowledge, as previously mentioned, may lead the researcher to believe that one variable may be more influential than others in the set of predictors and that variable is entered into the analysis first. Subsequent variables are then added in order to determine the specific amount of variance then can account for, beyond what has been explained by any variable entered prior. (Mertler & Vannatta, 2002, p. 170)

Stepwise multiple regression, of which there are three types—forward selection, stepwise selection, and backward deletion—will often be used in studies that are exploratory in nature. The researcher may have a large set of predictors and may want to determine which specific IVs make meaningful contributions to the overall prediction (Mertler and Vannatta, 2002). For the purposes of this study forward selection regression has been chosen because of its ability to assist in sorting out a group of factors for which of those factors make meaningful contributions to the overall prediction. Forward selection multiple regression will calculate the bivariate correlations among the independent variables and the dependent variable and will enter the independent variable that has the highest correlation with the dependent variable first. From there, the independent variable with the next highest correlation with the dependent variable is entered, until at some point, the independent variables stop making significant contributions to the understanding of the dependent variable. Forward selection multiple regression, like the other forms of statistical multiple regression, is often used in exploratory studies.

The second hypothesis states that there is no relationship between collaboration and a nonprofit board's performance. Each organization received a score from respondents' answers

to the questions in Section Four, concerning board performance, and a score from respondents' answers to Section Five, concerning collaboration. These scores were analyzed through correlation tests, resulting in a correlation coefficient,  $r$ , the Pearson correlation, which indicate the strength of the relationship between these two independent variables. Additionally, a series of regressions was conducted among all of the independent variables in order to ascertain whether temporal or causal linkages could be discerned.

The choice of regression for this latter analysis was determined by the preclusion of path analysis for this function. Path analysis is a method of analyzing correlations among a set of variables in order to examine the pattern of causal relationships. However, path analysis cannot be used when "feedback loops" are included in the model or hypothesis. The "feedback loops" that preclude path analysis in this research are the lack of clear causality in the relationships between the independent variables and the dependent variable. In order to use path analysis there must be a steady causal progression across (or down) a path diagram. Multiple regressions, where each of the variables serves by turn as the dependent variable, can accomplish many of the same objectives as path analysis.

The third hypothesis states that there is no relationship between collaboration and use of "correct" management procedures. Each organization received a score from respondents' answers to questions in Section Two, concerning "correct" management procedures, and a score from respondents' answers to Section Five, concerning collaboration. These scores were analyzed through correlation tests resulting in a correlation coefficient,  $r$ , the Pearson correlation, which indicates the strength of the relationship between these two independent variables. Additionally, as described earlier, a series of regressions was conducted among all of the



independent variables in order to ascertain whether temporal or causal linkages could be discerned.

The fourth hypothesis states that there is no relationship between collaboration and use of change strategies. Each organization received a score from respondents' answers to questions in Section Three, concerning change strategies, and a score from respondents' answers to Section Five, concerning collaboration. These scores were analyzed using correlation tests, resulting in a correlation coefficient,  $r$ , the Pearson correlation, which indicates the strength of the relationship between these two independent variables. Additionally, as described earlier, a series of regressions was conducted among all of the independent variables, in order to ascertain whether temporal or causal linkages could be discerned.

### 3.6 CROSS CORRELATION STUDY DATA ANALYSIS

Once the data were received, they were verified, cleaned, and entered into SPSS 12 software. A forward stepwise multiple regression, bivariate and partial correlations, and simple regression analysis were used to examine the relationships between and among the variables. The results of these analyses are discussed in Chapter 4.0.

## 4.0 RESULTS

This chapter describes the results of the empirical study (survey and focus groups) and the tests of the research hypotheses. The response rate and sample characteristics and the results of the focus groups are reported first, followed by a report of the data manipulations which were undertaken.

### 4.1 SAMPLE

A total of 446 nonprofit human service organizations in Denver County comprised the survey population. Included were human service categories of legal-related; employment; food, agriculture and nutrition; housing and shelter; public safety; disaster preparedness and relief; and youth development; which reflect the range of human service organizations.

#### 4.1.2 Sample Characteristics

Characteristics of the 143 organizations that completed the study's survey are described in Table 4.1. Table 4.1 provides information about the organizations responding to the survey, including descriptive information about the individual who completed the survey; size of the respondent organization; number of staff members of the respondent organization; and the age and race/ethnicity of the individual who completed the survey. The table shows that most survey respondents (86%) are executive directors or general managers of the nonprofit in the study sample. A small number are board members (11%) or serve the nonprofit in some other capacity. The median length of time in this position is six years. The majority (77.6%) are Caucasian, with African Americans representing the largest percentage of minority respondents

at 10.5%. Half of the responding organizations had fewer than four staff members. Half also reported operating budgets of less than \$400,000 to \$499,000 annually and reported that government funds represented less than 1% of this budget.

Table 4.1: Background characteristics of the responding organizations

<b>Sample elements</b>	<b>Total Sample (n=143)</b>
<b>Title of individual who completed the survey:</b>	
Exec Director/CEO/General Manager	123 (86%)
Board member	16 (11.2%)
Other	4 (2.8%)
Median operating budget range (\$)	\$400,000- \$499,000
Median staff size	4
Median age of individual who completed the survey	49 years
Median number of years in the position of individual who completed the survey	6 years
Median % of budget comprised by government funds	1%
<b>Race/ethnicity of individual completing the questionnaire</b>	
Did not answer	1 (.7%)
African American	15 (10.5%)
American Indian or Alaskan or Native American	4 (2.8%)
Caucasian	111 (77.6%)
Asian	2 (1.4%)
Hispanic	2 (1.4%)
Latino	7 (4.9%)

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Other

1 (.7%)

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Table 4.2 depicts the comparison between the size of organizations (based upon prior year's revenue) that responded to this research and the size of organizations in Colorado that submitted Form 990 in 2002, per the Urban Institute's Bureau of Charitable Statistics. As can be seen, and not unlike other studies of nonprofit organizations, respondent size is skewed toward larger organizations, though there is better representation in the sample of organizations under \$100,000 in budget size than in the population of human service nonprofit organizations.

One possible explanation for this better than average representation of smaller organizations is that the survey packet included an invitation to participate in a contest to win an Olympus 3.2 digital camera. The contest rules were that an organization that returned its survey with a postmark on or before September 17, 2004 was eligible for the drawing. This incentive may have assisted in the higher than usual response rate with smaller organizations.

The race/ethnicity percentages of the respondents are reflective of what the Denver Foundation has found in recent research. Their research report, "Inside Inclusiveness: Race, Ethnicity and Nonprofit Organizations," published in 2003, looked at the proportional representation of African Americans, Native Americans, Latinos, Asian Americans and Caucasians on nonprofit boards and staffs. What was found was that whereas African Americans, Asian Americans, and Native Americans are proportionally represented, it is the metro area's largest community of color, Latinos, who are significantly underrepresented. "Only 13% of nonprofit staffs and only 7% of nonprofit boards are Latino/Chicano/Hispanic, compared to 17% of the population in Metro Denver" (The Denver Foundation, 2003, p. 7). The respondent rate of Latino Executive Directors in this study is 9.5%, slightly less than the region's average as reported in the Denver Foundation research.

Table 4.2: Response rates by budget size

Total revenue reported	Sample characteristics (n=143)	NCCS Denver County Human Service Nonprofits budget strata for 2002. <sup>3</sup>
Under \$100,000	42 (29.4%)	26.42%
\$100,000-499,999	35(24.4%)	34.11%
\$500,000-999,999	26 (18.2%)	17.05%
\$1,000,000-3,999,999	22 (15.4%)	15.8%
Over \$4,000,000	18 (12.6%)	7.24%

Table 4.3 describes the race/ethnicity staff averages as reported by the 119 respondent organizations that have staff. Twenty-four of the respondent organizations are volunteer-managed and have no paid staff.

Table 4.3: Race and ethnicity of staff for responding organizations

African American	12.0%
American Indian or Alaskan	1.74%
Caucasian (white)	69.15%
Asian American	1.61%
Hispanic or Latino	11.16%
Other	.88%

<sup>3</sup> NCCS 2002 Core Files for Denver County Human Service Organizations

## 4.2 NONPROFIT SUB SECTOR CATEGORIZATION

Responding organizations were first screened to assure they met the inclusion criteria of primary involvement as human service organizations. Two of the survey questions provided the necessary information to determine that the organization's mission and genre were within the parameters of the definition of human service nonprofit organizations as used in this research.

## 4.3 KEY CHARACTERISTICS OF THE SAMPLE

Of the 143 qualified respondent organizations, 87 characterized themselves as human service organizations, 43 characterized themselves as community development organizations, and 13 characterized themselves as "other." In reviewing the latter, it was determined that six of the organizations characterizing themselves as "other" could be considered community development organization. Their missions include advocacy for at-risk youth; advocacy for affordable housing in the community; and empowering and enabling low-income youth to attend college. The other seven organizations' missions fall broadly into the human services definition, and their missions include early childhood education training; mentoring of youth; providing employment for developmentally disabled adults; and tutoring at-risk youth. Therefore, all of the organizations that characterized themselves as "other" fit the inclusion criteria for this study, and were appropriate for inclusion in this study.

## 4.4 RESPONDING ORGANIZATIONS RATINGS ON MANAGEMENT PRACTICES, STRATEGIES FOR CHANGE, BOARD OF DIRECTOR ACTIVITIES, AND ORGANIZATIONAL EFFECTIVENESS

Apart from the analysis that looked at the relationships between and among the independent and dependent variables, I analyzed the responses for other patterns. Specifically I

looked at their ratings on management practices, change strategies, board of director activities, and organizational effectiveness.

One example from the measurement of management practices is that effective use of the Mission Statement scored the highest, with a mean score of 3.73 and 80% of respondents scoring that item “very effective.” Description of or form used in CEO performance appraisal scored the lowest of the nine management practices presented, with a mean score of 2.10 and 23.8% of respondents indicating that their organization’s use of that management practice was either “not effective” or “somewhat effective”

On the scale that measured change strategies, 77% of respondents reported that their organization is “effective” or “very effective” in enhancing its position within the community. Respondents scored lowest on the item “strategies for reduction in program and operations if needed,” with only 19.6% scoring their organizations as “very effective” on this item.

The highest ranked item on the scale that measured board performance was “legal accountability.” More than 91.4% of respondents ranked their organization’s board as “effective” or “very effective” on this item. The board performance area ranked lowest by respondents was “ongoing training to improve board skills.” Less than 10% of respondents ranked their boards as “very effective” in this area, while 70.5% ranked their performance as “not effective” or “somewhat effective.”

Respondent organizations ranked “participating in networks with other nonprofit organizations to share information about recipient organizations” highest on the scale that measured collaboration; 68.6% ranked this as an activity in which they engage “often” or “very often.” A similar item, “work in partnership with other nonprofit organizations through a

coalition or umbrella organization” also received a high score, with 63% of respondents saying that they engage in this activity “often” or “very often.”

The item “engage in joint budgeting with private sector organizations” was ranked low in frequency, with 88.8% of respondent organizations saying that they “never” engage in this activity and less than 1.5% saying that they do so “very often.”

Two items ranked nearly equally on the scale that measured overall effectiveness: “responsive to client (individuals who use organization’s services) needs” and “public image of integrity, cooperation and capability.” More than 93% of respondents ranked both items as “describes us well” or “describes us very well.” Low ranking items on the effectiveness scale included “sufficient human resources (volunteer and staff) to deliver services, attract resources and promote vision.” More than 54% of respondents replied that this item does not describe their organization “somewhat” or “at all.”

#### 4.5 FOCUS GROUPS

On October 4, 2004, October 21, 2004, and November 8, 2004, a series of focus groups was conducted in order to develop more fully the concepts concerning collaboration that were measured in the survey. The questions used for the focus groups were standardized across the groups and were pre-tested with the facilitators for the groups. The first two groups were held within the context of peer groups of nonprofit executive directors that have a regular ongoing meeting, the third group was held expressly for the purposes of this research, though within the context of a meeting of Colorado foundations.



#### 4.5.1 Focus Group Characteristics

4.5.1.1 First Group (October 4, 2004). The group consisted of five individuals, including the facilitator (a former arts administrator, who also participated). All of the executive directors have been in their position five years or less, and (with one exception) are administering organizations with budgets of less than \$1 million. Two of the individuals are in arts administration, and two are in human services administration. Of the latter two, one is administering a human service organization not located in Denver County, and the second individual had received the Nonprofit Organizational Effectiveness survey, but had not yet completed it. (This individual subsequently completed the entire survey as of November 3, 2004.)

4.5.1.2 Second Group (October 21, 2004) Eight individuals (not including the group's convener, who did not participate) participated in the second focus group. In contrast to the first group, these individuals had a minimum of ten years experience in nonprofit management and a maximum of thirty-five years experience. This group of executive directors included two executive directors of human service nonprofit organizations not located in Denver County, two executive directors of education nonprofit organizations, one individual who is a former nonprofit manager and is currently teaching, one manager of a Denver County human service nonprofit organization who had already completed the survey, and one manager of a Denver County human service nonprofit organization who had received the survey, and hadn't completed it.

4.5.1.3 Third Group (November 8, 2004) Four individuals participated in this group. (Six originally committed, but two were unable to participate.) All of the respondents represent

foundations. This group yielded rich results in confirming the discussion results of the prior two focus groups and in providing another viewpoint, that of the funder.

#### 4.6 DATA MANIPULATIONS

Scores for each organization for each of the independent and dependent variables were derived by summing the scores from each of the questions asked. All of the items in each of the five scales used were weighted equally. Where an answer was answered as “not applicable,” as was an option with the scales used to measure board performance, management procedures and strategies for change, the score for that answer was zero. In order to weight properly the other answers made by that respondent, index scores proportionate to the other responses were calculated.

For example, let us assume that six items are being combined in an index, with scores of 0 or 1 being assigned to each item. The maximum score that a respondent may receive then is 6. If a given respondent answers only five of the items, but receives a score of 5 on those items, he/she might be given a proportionate score of  $5/5 \times 6 = 6$  on the index. The respondent who received a score of 2 on the four items answered might be given a final score of  $2/4 \times 6 = 3$ . Where these computations result in fractional results, some method for rounding off should be employed to simplify the final index scores. (Babbie, 1973, pp. 265–266)

#### 4.7 VALIDITY AND RELIABILITY

Chapter 3.0 contains a full discussion of the validity and reliability of the five scales used to measure this study’s independent and dependent variables: collaboration, management practices, change strategies, board performance, and overall organizational effectiveness. This research provides a further dimension of construct validity for the five scales used to measure the variables. The reliability analysis of the independent and dependent variables is contained in Appendix C.

#### 4.8 ANALYSIS OF THE INFLUENCE OF INDEPENDENT VARIABLES ON THE DEPENDENT VARIABLE

A series of correlations were performed to analyze the relationships among the variables. Through bivariate correlations, the relationships between and among the independent variables and the dependent variable were measured. First, each of the independent variables was analyzed in relationship to the dependent variable.

The relationships analyzed were those between management procedures and effectiveness, change management and effectiveness, board performance and effectiveness, and collaboration and effectiveness.

The analysis used was a Pearson correlation, which tests whether the two variables in question are related in a linear manner. The linear correlation may be positive, with an increase in one variable accompanied by an increase in the second variable, or negative, with an increase in one variable accompanied by a decrease in the second variable.

The correlation between board performance and effectiveness indicates a moderate positive relationship of .394. The significance level of .01 shows the likelihood that a correlation of .394 would occur in the absence of a positive linear relationship. The square of the correlation coefficient, in this case  $.394^2$  or .155, is a measure of the proportion of variance in one variation explained by the other. The square of Pearson's correlation ranges from 0, indicating no variance in the dependent variable is explained by the independent variable, to 1.0, indicating that 100% of the variance in the dependent variable is explained by the independent variable. In this analysis, 15.5% of the variance in effectiveness can be explained by board performance.

The correlation between effectiveness and management practices is .278, which is also statistically significant at .01. This indicates that 7.7% of the variance in effectiveness is explained by management practices.

There was an even stronger correlation found between another of the independent variables, change management, and effectiveness, with a Pearson's coefficient of .617 at the .01 significance level. The square of the Pearson's  $r$  indicates that 38% of the variance in effectiveness is accounted for by change management.

Finally, there was a significant correlation (at the .01 level) between the dependent variable of effectiveness and the independent variable being tested in this study—collaborative activities. The Pearson's coefficient of these two variables is .549. Squaring this positive correlation coefficient shows that 30% of the variance in effectiveness is “explained” by collaborative activities.

Of course, the correlations among the independent variables suggest that some of the variance explained in the dependent measure (effectiveness) may be shared by the independent variables (management procedures, board performance, change management, and the new variable of collaboration). The contributions of each of the independent variables in explaining the variance in the dependent variable will be further explored in the multiple regression analysis described below. As a preliminary to this, I performed a series of partial correlations in order to hold constant the effects of each independent variable in order to focus on the effects of each independent variable. As will be discussed, the partial correlation results indicate a varying range of correlation between collaboration and the three other independent variables. The results of the partial correlations, where select variables were held constant, revealed different results than did the bivariate correlations.

In analyzing the relationship between management practices and effectiveness, holding constant the other factors of board performance, change strategies, and collaboration, a partial correlation produced results of a Pearson's Coefficient of  $-.087$  at a significance level of  $.308$ , not a significant relationship. Similarly, a partial correlation of the relationship between board performance and effectiveness yielded a Pearson's Coefficient of  $.122$  at a  $.151$  significance level, also not a significant relationship. These results contrast sharply with the results of the bivariate correlations reported earlier where significant relationships had been indicated between management practices and effectiveness and board performance and effectiveness.

The partial correlation analysis of the relationship between change management and effectiveness yielded a result that can be interpreted as significant (though not as significant as the bivariate correlation results) with a Pearson's Coefficient of  $.420$  at a  $.01$  significance level. The partial correlation analysis of the relationship between collaboration and effectiveness yielded a Pearson's Coefficient of  $.354$  at the  $.01$  significance level. Again, the results of the partial correlation reveal a relationship that is still significant, but not as significant as in the bivariate correlation analysis.

In summary, the results of the partial correlation analyses indicate the variance in effectiveness that is explained by management practices and board performance can also be explained by change management and collaboration. Only these two variables show significant relationships with effectiveness when the influence of all other independent variables is controlled.

#### 4.9 MULTIPLE REGRESSION

In order to investigate the power of the relationship between collaboration and effectiveness, within the context of the other independent variables, a forward selection multiple

regression was performed. A forward regression enters independent variables into the equation in the order in which they will maximize the overall variance explained in the dependent variable. Figure 4.1 depicts the relationships that were examined. (This figure is the same as Figure 2.1, which is discussed in Chapter 2.0.)

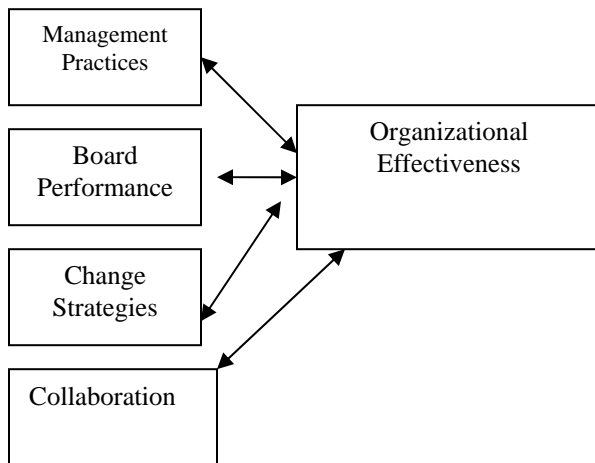


Figure 4.1: Model that reflects the literature review of factors that affect organizational effectiveness

The independent variables of management procedures, board performance, change strategies, and collaboration were analyzed for their relationships with the dependent variable, organizational effectiveness. The correlation values that were produced from this regression were as follows:

- Management practices: Pearson's Coefficient of .278 at the .01 significance level
- Board performance: Pearson's Coefficient of .310 at the 01 significance level
- Change strategies: Pearson's Coefficient of .617 at the .01 significance level
- Collaboration: Pearson's Coefficient of .549 at the .01 significance level

The results of the forward multiple regression indicated that change strategies and collaboration together produced the model that explains more of the variability of organizational effectiveness than any of the other factors introduced. Those two factors, change strategies and collaboration, produce an R square of .454, and an F value of 58.1 at a .01 significance level.

In essence, the R square of .454 indicates that the factors of change strategies and collaboration explain approximately 45% of the variability of organizational effectiveness. That is, of the factors analyzed—management practices, change strategies, board performance, and collaboration—these two factors combined produce the model best suited to measure the dependent variable, organizational effectiveness. The analysis of variance (ANOVA) results indicate that, albeit this is an F value of 58.103 at the .00 significance level, there is a high residual to regression ratio in the sum of squares. This ratio indicates that the model is limited in explaining the variability of the dependent variable. What is clear from this analysis is that there are other factors not included in the research questions and hypotheses that are influencing organizational effectiveness.

A series of analyses including partial correlations and multiple regressions was run to look at whether other factors, considered antecedent variables, were strong influences on organizational effectiveness. The Nonprofit Effectiveness Survey also included the following measures:

1. size of organizational budget
2. percentage of organizational budget derived from government funding
3. age of respondent
4. the respondent's years of tenure in the position
5. gender of respondent

6. age of organization.

Of these factors, only two were found to have significant correlation with organizational effectiveness—the percentage of an organization’s budget that is derived from government funds and the organization’s overall budget. The former correlation is significant at the .01 Alpha level with a Pearson Coefficient of .221. The latter correlation, the relationship between the organization’s overall budget and organizational effectiveness, is a moderately strong positive correlation with a Pearson Coefficient of .412 at the .01 Alpha level.

In order to understand better in what ways budget size impacts effectiveness the sample of organizations was divided into two groups, small and large. I used \$499,000 as the cutoff point for small organizations because given the size and budget breakdown of the research sample, with a higher number of very small organizations represented, it provides the best point for comparisons. Under \$500,000 is one of the budget categories used by the Colorado Association of Nonprofit Organizations in their description of organizational budget size. That is, an organization whose overall budget is \$499,000 or less is characterized as a small organization. Organizations in the sample whose budget is \$500,000 or more are characterized as mid-large organizations. Figure 4.2 depicts the factors that were included in the model.

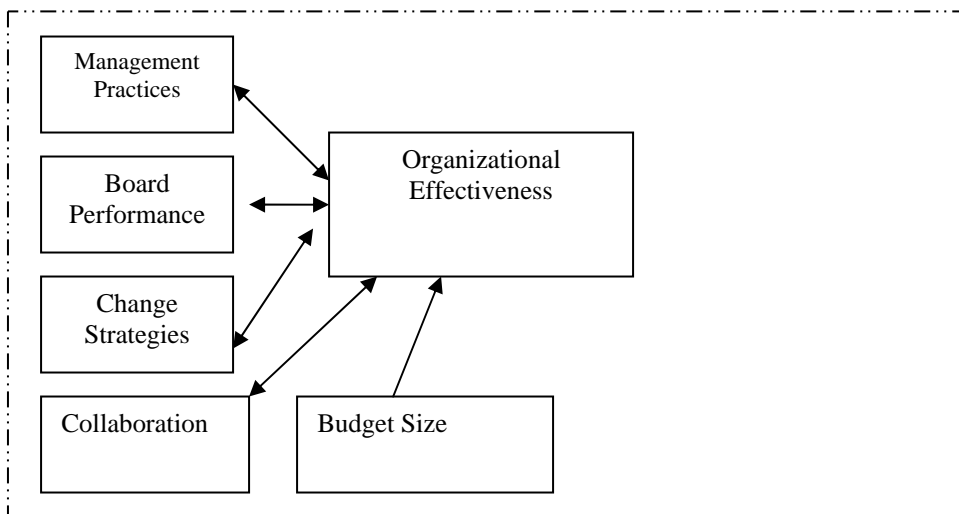




Figure 4.2: Factors included in the model

The same correlation and forward multiple regression tests that were performed on the overall sample were repeated but this time in two sample segments: one for small (n=77) organizations and one for large (n=66) organizations. The factor that emerged immediately was that collaboration appears to be more influential on organizational effectiveness for small organizations than for large organizations. This conclusion is based upon a forward selection multiple regression, in which collaboration and change management emerged as the factors most able to explain the variability of the dependent variable, organizational effectiveness, for the small organizations in the sample. The correlation values for the independent variables in this regression analysis are as follows:

- Change management: .678 Pearson's coefficient at the .01 significance level
- Board performance: .322 Pearson's coefficient at the .01 significance level
- Management practices: .291 Pearson's coefficient at the .01 significance level
- Collaboration: .663 Pearson's coefficient at the .01 significance level

The forward multiple regression indicates that change management and collaboration, with regard to the factors regressed on the dependent variable, explain the most of the variability in organizational effectiveness in small organizations. The R square of that model is .579. Therefore, one can infer that nearly 58% of the variability in the small organizations organizational effectiveness can be attributed to the organization's change management and collaborative activities. In analyzing the data further through ANOVA, the model that includes change management and collaboration has a large regression sum of squares ratio to the residual sum of squares (the full detail is included in Appendix C) and an F value of 50.787 at the .01 significance level. These are further statistical indicators that, for small organizations, the model

that includes change management and collaboration is doing a good job of helping explain organizational effectiveness, the dependent variable.

An analysis of larger organizations, organizations with budgets of \$500,000 and greater, was conducted using the same forward multiple regression process. The results of this analysis were markedly different than for the smaller organizations. Collaboration is not as significant a factor with the larger organizations. Running the same forward multiple regressions with the larger organization sample (n=66) shows the following correlations between the independent variables of change management, collaboration, management practices, board performance, and the independent variable, organizational effectiveness, as shown in the following results:

- Change management: .447 Pearson's coefficient at the .01 significance level
- Board performance: .168 Pearson's coefficient, not significant at neither .05 nor .01 significance level
- Management practices: .355 Pearson's coefficient at the .01 significance level
- Collaboration: .308 Pearson's coefficient at the .01 significance level

Comparing the independent variable correlations between those variables for the small and large organizations points to marked differences. Whereas change management remains a significant influence (.447 Pearson's coefficient at .01 significance level) in organizational effectiveness for larger organizations, that influence is less than for smaller organizations (.678 Pearson's coefficient at .01 significance level). Similarly, collaboration remains a significant factor for the larger organizations, with a Pearson's coefficient of .308, but not nearly as significant as for the smaller organizations, where collaboration has a .663 Pearson's coefficient with organizational effectiveness. (Both of these correlations are significant at the .01 alpha level.)

Management practice appears to take on more import for the larger organizations, with a Pearson's coefficient of .355, as contrasted with the Pearson's coefficient of .291 for smaller organizations, both at the .01 significance level. Board performance presents the most marked comparison between large and small organizations in its relative influence on organizational effectiveness. Whereas for smaller organizations, board performance has a Pearson's coefficient of .322 at a .01 significance level, the correlation between board performance and organizational effectiveness has a Pearson's coefficient of .168 that is neither significant at a .05 significance level nor a .01 level. These results are further interpreted in Chapter 5.0.

#### 4.10 ADDITIONAL ANALYSIS OF THE COMPONENTS OF COLLABORATION AND ORGANIZATIONAL EFFECTIVENESS

Additional analysis looked more deeply into the relationships between and among the components of the independent variable collaboration and the dependent variable organizational effectiveness. As discussed in chapters 2.0 and 3.0, the questions on the Nonprofit Effectiveness Survey measuring collaborative activity in fact contain questions that measured cooperation and coordination, as well as collaboration. These questions have been grouped per these three clusters of activities and have been analyzed. Additionally, the dependent variable, *organizational effectiveness*, comprised four components: client satisfaction, resource acquisition, internal efficiencies, and goal attainment. The survey questions addressing each of these four components or clusters have been likewise analyzed.

A series of correlation tests reveals high correlation at a .01 alpha level between each of the three genres of collaboration—cooperation, coordination, and collaboration—and the four components of organizational effectiveness—client satisfaction, resource acquisition, internal efficiencies, and goal attainment. The strongest correlation is between client satisfaction and

coordination, with a Pearson correlation of .503 at a .01 level of significance. Resource acquisition and coordination have a nearly as strong correlation with a Pearson correlation of .499. include significance level. The Pearson correlations of these relationships range from .369 (coordination and efficiency) to .503 (coordination and client satisfaction). These results are difficult to interpret without better contextual data; still, given that coordination is less labor and resource intensive than collaboration, the results may mean that an organization that does a lot of coordination (and may or may not do much collaboration) would still be viewed favorably in the external environment. The full table of correlations is presented in Appendix C, Table 5.1.

## 5.0 DISCUSSION AND INTERPRETATIONS

This chapter addresses each of the hypotheses drawing from the analyses presented in Chapter 4.0. Additional analysis and conclusions are presented based upon results of the focus groups and additional statistical analysis. As discussed in Chapter 1.0, the reversal in the 1980s and 1990s of public sector spending on human and social services coupled with the influences of the New Federalism and the New Public Management raised the issue of human service nonprofit organizational management and its performance. At issue is whether collaboration and certain organizational characteristics, e.g., the board performance or use of change strategies, were related to an organization's performance (effectiveness). The results of this study suggest that some of these factors are closely related to organizational effectiveness. The conclusions at the end of this chapter address this larger context of the role of collaboration and effectiveness. Each of the four hypotheses will now be addressed.

### 5.1 RESEARCH QUESTIONS/RESEARCH HYPOTHESES

The four research questions addressed by this dissertation are as follows:

1. Is there a relationship between collaboration and nonprofit effectiveness?
2. Is there a relationship between collaboration and board of directors' performance?
3. Is there a relationship between collaboration and use of "correct" management procedures?
4. Is there a relationship between collaboration and use of change strategies?

#### 5.1.1 Research Question 1: Is there a relationship between collaboration and nonprofit

effectiveness?

Null Hypothesis 1 states that there is no relationship between collaboration and a nonprofit human service organization's effectiveness. The null hypothesis is rejected. The analyses reported here show that collaboration influenced nonprofit effectiveness. Through a partial correlation analysis the correlation between the independent variable collaboration and the dependent variable effectiveness was significant at the .01 alpha level with a Pearson's coefficient of .549.

Additionally the results of the forward multiple regression indicated that, of the four independent variables measured in this research, *collaboration* and *change strategies* in combination provide the most information to explain the variability of the dependent variable.

This result indicates that within the population of Denver County human service nonprofit organizations, collaboration is an ingredient of organizational effectiveness. This result would also indicate that because of the shifts in the public sector referred to in chapters 1.0 and 2.0, including the passage of welfare reform in 1996, collaboration has become less a trend and more a management tool. Seventy-four percent of survey respondents and nearly all of the focus group participants indicate that they have been collaborating for more than five years.

As discussed in Chapter 4.0, analyses were conducted on a series of antecedent variables including age of the organization, budget size, percentage of budget represented by government spell-out funds, gender of survey respondent, tenure of respondent in their position, and age of the respondent. Of those factors, two were found to have a significant impact on organizational effectiveness, and were further analyzed. Looking first at budget size, respondent organizations were divided into two groups, those with budgets under \$500,000 and those with budget equal to or greater than \$500,000. As discussed in Chapter 4.0, two striking differences emerged in the

analysis by budget size. The first, which bears on Hypothesis 1, was that collaboration has a much higher correlation to effectiveness for the smaller organizations. The second difference, which will be discussed in relationship to Hypothesis 2, is that it was discovered that board performance has a much higher correlation to organizational effectiveness for the smaller organizations.

The importance of collaboration to organizational effectiveness in smaller organizations, relative to its importance to larger organizations, makes sense intuitively—one can posit, for instance, that smaller organizations need to find resources outside their own resource parameters and, as a result, would need to join their capacity with other organizations in order to acquire resources and to fulfill their missions. This behavior has been studied and analyzed in the private sector by Anna Lee Saxenian. Saxenian’s comparison of the small firms in Silicon Valley to the monolithic firms of the Boston Route 128 electronic industry cluster is a seminal study in how the Silicon Valley industry configuration lends itself to collaboration, resource sharing, and entrepreneurialism. She contrasted this behavior with that of the larger, more established, vertically integrated firms in Massachusetts that are far more self-sufficient and less likely to collaborate.

5.1.2 Research Question 2: Is there a relationship between collaboration and board of directors’ performance?

Null Hypothesis 2. states that there is no relationship between collaboration and board of directors’ performance. The Null Hypothesis cannot be rejected. This research does not indicate a relationship between *collaboration* and *board of directors’ performance*. The results of a partial correlation analysis, where the relationship between *collaboration* and *board of directors’ performance* is analyzed, do *not* indicate a significant statistical relationship between these two

variables at a .05 alpha level in a two-tailed test. Additionally, the results of a regression analysis in which *collaboration* served as the dependent variable and *board of directors' performance* as the independent variable do not indicate a significant relationship between these two variables.

To see what the relationship was between the *board of directors' performance* and the other independent variables, *change strategies* and *use of "correct" management procedures*, I ran partial correlation tests with *board of directors' performance* and those two variables. (Those analyses are contained in Appendix ) There is a significant correlation between *board of directors' performance* and *use of correct management procedures*, but no significant correlation between *board of directors' performance* and *change strategies*. Additionally, in both a one-tailed test and a two-tailed test, at the .05 alpha level, there was no significant correlation between *board of directors' performance* and *organizational effectiveness*.

Additionally, in comparing correlations for the small and large organizations, as reported in Chapter 4.0, there was a striking difference in the level of correlation of *board performance* and *organizational effectiveness* between the small and large organizations. This is a difficult result to interpret without further data collection. However, one possible interpretation is that the assessment of their boards by the executive directors of larger organizations might be more harsh or exacting, in that the expectations of the boards of larger organizations are higher. The board of a larger organization might be asked to be performing at a higher level than for a smaller organization; that is, the "bar" may be higher.



5.1.3 Research Question 3: Is there a relationship between collaboration and use of “correct” management procedures?

Null hypothesis 3 states that there is no relationship between collaboration and use of “correct” management procedures. The null hypothesis cannot be rejected. This research does not indicate a relationship between *collaboration* and use of “*correct*” *management procedures*. Though a simple regression analysis in which collaboration served as the dependent variable and use of “correct” management procedures as the independent variable yielded a correlation of .335 at a .05 alpha level, the results of a partial correlation two-tailed test *do not* indicate that there is a statistically significant correlation at the .05 alpha level between these two variables. This result is similar to the result in Research Question 2, where no significant result was found between *collaboration* and *board of directors’ performance*.

As was discussed in Research Question 2, this result could indicate that an organization must have basic management procedures in place in order to maintain operations, but that collaboration activities may represent a more advanced level of operations. This viewpoint is expressed by Letts, Ryan, and Grossman (1999) in their analysis of what constitutes high performance for nonprofit organizations. They discuss three levels of organizational capacity: program delivery, program expansion, and adaptive capacity. Adaptive capacity is the highest level of organizational competence and goes beyond the program and management skills necessary to deliver programs and services. Adaptive capacity embodies the ability to facilitate innovativeness, responsiveness, motivation, learning, quality, and collaboration.

This interpretation is underscored by the higher correlation of *collaboration* and *organizational effectiveness* that the forward multiple regression analysis indicates. Moreover,

if, in fact, *collaboration* requires a higher level of organizational capacity, this may explain the lack of correlation between *collaboration* and *management practices*.

5.1.4 Research Question 4: Is there a relationship between collaboration and use of change strategies?

Null hypothesis 4 states that there is no relationship between collaboration and use of change strategies. The Null Hypothesis is rejected. The results of this research indicate a relationship between *collaboration* and *change strategies*. A partial correlation examining the relationship between *collaboration* and *change strategies* and holding constant the other two independent variables reveals a significant statistical relationship in a two-tailed test with an alpha level of .01. This research indicates a relationship between *collaboration* and *change strategies*. Additionally, the forward multiple regression analysis undertaken indicates that *change strategies* and *collaboration* together provide the best explanation of the variability of effectiveness and have the strongest correlation among the four independent variables. This research indicates a relationship between *collaboration* and *change strategies*. Finally, a simple regression analysis using *collaboration* as the dependent variable and *change strategies* as the independent variable indicates a significant level of correlation or relationship at the .01 alpha level, with a Pearson Correlation of .516.

One possible explanation is that organizations that are able to develop effective external relationships (e.g., collaboration) may be more attuned to their environment than organizations less capable in this way. These organizations may well be better positioned to take advantage of resources such as funding streams that organizations less externally positioned might miss. In fact, one of the assumptions of New Public Management is that the private sector can more

readily respond to sudden changes, whereas government bureaucracies cannot—they only try to maintain the status quo.

Being attuned to the external environment is a necessary prerequisite to manage change. That is, in order to manage change, an organization's leadership must anticipate, see, and understand the ways in which changes in the external environment and culture will influence their clients, their funding, and their legitimacy as organizations. Similarly, collaboration requires an attunement to the external environment, including being tuned in to other organizations (Light, 2000, 2002).

The results of Hypothesis 4 make statistical and intuitive sense. The high correlation between *collaboration* and *change strategies* can be explained in part by similar organizational skill sets required by both activities. Harkening back to the work of Letts, Ryan, and Grossman (1999) and the work of Paul Light (2000, 2002), organizations that are able to manage change, develop adaptive capacity, and collaborate consistently rank as more effective than organizations unable to manage these behaviors.

## 5.2. DISCUSSION OF FOCUS GROUP RESULTS

The focus groups conducted for this research centered on issues concerning nonprofit organizations' collaboration. The goal was to ascertain from practitioners what they perceive to be the status of collaboration, in particular, whether collaboration is perceived as a trend or as a management device that is a useful tool. There was also the goal to understand better whether welfare reform had instigated the use of collaboration, and if so, what the impact of this influence was. Another goal in conducting the series of focus groups was the desire to understand whether foundation and funders play a dominant role in fostering collaboration in the

human service nonprofit sector. There was also the desire to learn, if funders *do* play a dominant role in fostering collaboration, whether that role was helpful or not. This latter question stems from wanting to understand better the impetus to collaborate.

#### 5.2.1. Focus Group Questions and responses

For the purposes of analysis, participants' responses from the three focus groups will be synthesized and summarized together.

5.2.1.1 Question 1: Were your scores markedly different from what the survey results show? In addition, specifically, did you find that your scores for collaboration with other nonprofit organizations were higher than for collaboration with the public and private sectors? (This question was asked after focus group participants completed Section 5 of the Survey of Nonprofit Organizational Effectiveness and compared their scores with survey results to date.) With few exceptions participants responded that their scores were comparable to the survey results. The notable exceptions to this were the answers submitted by executive directors whose organizations' missions mandate that they work closely with the private sector. Two of those organizations work with adults with developmental disabilities, with the goal of placing those individuals in employment. The other organization is a nonprofit adoption agency that works closely with private sector adoption agencies. These organizations' executive directors stated that they tend to collaborate with all three sectors comparably.

5.2.1.2 Question 2: Does your organization collaborate more now than 5 years ago? Why or why not? Twelve (70%) of the participants said that their organizations collaborate now more than they did five years ago; three (19%) participants responded that they're collaborating about the same as they did five years ago; and two (11%) individuals, both part of the October 4, 2004

focus group, have less than five years tenure with their organizations and aren't sure whether their organizations are collaborating more or less than 5 years ago.

Three themes emerged from the discussion of why organizations are collaborating more now than five years ago: (1) ongoing impact of PRWORA, the welfare reform act; (2) emphasis on collaboration from funders; and (3) an emergent appreciation of the value of collaboration.

5.2.1.2.1 Ongoing impact of welfare reform The participants in all three focus groups agreed that the requirements of collaboration contained within the PRWORA had increased collaboration between nonprofit organizations. This collaboration is evidenced primarily in the area of information and referral between and among agencies. Not all of the participants had direct experience with potential changes in services since passage of PRWOR. Only seven participants of the 17 participants involved in the three focus groups worked in agencies that provide services to public assistance clients.

There was less agreement that welfare reform had generated increased higher-level collaborative activities between nonprofit organizations and the public and private sectors. This finding is in agreement with other research on the effects of welfare reform on the inter-organizational nature of nonprofit relationships. "In focus groups most respondents reported that the number of client referrals had significantly increased since the passage of PRWORA. The primary purposes of such referrals are emergency services such as food and shelter. Others are transportation, child care, employment information, legal aid and programs that address substance abuse problems" (Reisch & Sommerfeld, 2003, p. 39).

There was agreement that the exact nature of the impact of PRWORA is difficult to delineate. In large part it was felt that this is because since 1997 (when welfare reform was enacted) there have been unrelated budgetary cutbacks in state and local government services to

the poor, resulting in an increase of clients overall. Thus, the increase in information and referral services in general may be due to an increase in clients overall. It was generally concluded that nonprofit –private partnerships and sponsorships were on the rise but not activities that could be characterized as collaboration.

5.2.1.2.2 Funders mandate collaboration The effect of funders’ emphasis on collaboration was discussed as having increased the general propensity to collaborate over the past 5–10 years, though it was felt that “the collaboration for the sake of collaboration trend is over.” This opinion was shared throughout the three focus groups. Members of the third focus group, however, felt strongly that it was an ongoing responsibility of foundations and other funders to maintain an emphasis on collaboration as part of their funding criteria. “We see the big picture and can see where partnerships and collaborations make sense” is what one participant in the third group stated. Participants in the first two focus groups felt that it is the nonprofit manager, not the funder, who knows whether a particular collaboration would be fruitful. Further they felt that a funding inducement to collaborate, unless thoughtfully applied, could lead to mission and goal displacement on the part of nonprofit organizations. Again, it was generally agreed that collaboration as a trend has run its course. This divergence of opinion is not unexpected, given that the third group participants represent three funders and the local city and county government.

5.2.1.2.5 Emergent appreciation of the value of collaboration There was consensus among the participants in all three groups that the largest factor in the increase in collaboration in the past five years has been greater understanding of its benefits. One participant talked about the kind of purchasing power that her agency has been able to muster by coming together with other agencies that also serve women receiving TANF (Temporary Aid to Needy Families). In

addition to working closely together in client service provision the agencies have been purchasing supplies together for approximately three years and are now looking at a collaboration that would allow them to hire collaboratively a marketing/public relations professional for their needs. None of them singly could afford this position, but together they could.

5.2.1.3 Question 3: What are obstacles to collaboration? Five themes dominated the participants' response to this question: (a) the perception that collaboration is unduly time-consuming, (b) an experience with collaboration that went badly and therefore individuals did not want to venture into collaborations again, (c) the reality of the pressures that can consume staff's time, (d) an agency's size, and (e) personality conflicts.

5.2.1.3.1 (a) Collaboration is time-consuming "We barely have time to talk within our own organization, let alone communicate effectively with other organizations in complex collaborations," one participant stated. One focus group participant said that it takes at least a few experiences with successful collaboration for individuals to understand that there is substantial return on investment.

5.2.1.3.2 (b) A "bad" collaboration Particularly because there can be a large investment of time and energy in creating collaborations, a failure in collaboration can be costly not just for that endeavor but for future collaborations as well. Agencies get into "group think" about the potential dangers of collaboration, said one participant, and this can create obstacles for future collaborations.

5.2.1.3.3 (c) Staff time The use of staff time in a collaboration, and the perception of focus group participants that this is often where "hidden collaboration costs" are was a subject that drew lots of response and consensus, particularly in the first two focus groups. There was

consensus that an inexperienced staff might not know how to budget for staff time expenditures in a collaboration and an experienced staff might not be able to persuade funders of this cost issue.

5.2.1.3.3 (d) Agency size The very small agency (one or few staff) might be less likely to collaborate simply because there may not be time to establish collaborations because they have such limited resources they struggle to accomplish their own mission. There was general agreement on this point with only one exception. Sometimes mission can drive collaborative activities within a small agency. An example provided is a disability rights coalition with a small budget and staff that has become a powerful network for other organizations that serve people with disabilities. In this case, the mission and services of the agency are driven by collaboration with other agencies. Participants agreed that larger agencies tend to be better poised for collaborations, but that sometimes it is the smaller organizations whose success is more dependent upon collaboration. There was agreement that dissimilarly sized agencies are prone to more difficulty in developing and sustaining successful collaborations. Participants provided examples of where a large agency's organizational culture and a small agency's organizational culture had collided. It was generally felt that ideally, when agencies of dissimilar size prepare to collaborate, there needs to be a discussion of how organizational culture might affect the process.



5.2.1.3.4 Personality conflicts. Conflicts between executive directors were mentioned as a minor, but real obstacle. It was discussed that some agencies see other agencies primarily as competition for scarce funds; any personality conflict creates an additional obstacle to collaboration.

5.2.1.4 Question 4: What can funders do to foster collaborations? This question resulted in the greatest divergence between the responses of the first two groups and those of the third group. This is not surprising in that the third group comprised funders. The consensus of the third group is that funders can positively influence the development of partnerships and collaborations through funding incentives, technical assistance/capacity building that assists organizations with the mechanics of collaboration, and dissemination of information about the benefits of collaboration.

The consensus of the first two groups was that funders could positively affect the development of collaborations between and among nonprofits particularly if funders themselves model collaborative behavior. Some examples of funders' collaborations were discussed, including the development of the Colorado common grant application<sup>4</sup> and a recent initiative of a consortium of foundations designed to promote more coordinated mental health care in Colorado. Participants in the first two groups (comprising mainly practitioners) feel that funders need to let agencies guide the way in creating collaborations that would make sense for those individual agencies and that funders could be much more effective if they played a role that is more supportive than directive in this aspect of fostering collaboration. There was agreement that funders could enhance the possibilities of collaboration through provision of technical

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<sup>4</sup> The Colorado Common Grant application was developed in the early 1990s and is the format that most Colorado foundations are using for grant applications.

assistance in the principles and mechanics of collaboration, something the third focus group (comprising of funders) also suggests.

It was reiterated in the second group that “collaboration for collaboration’s sake” is past, and there was some relief expressed in conjunction with this opinion. “Collaboration is just one tool, it’s not a panacea, but for a while it seemed as though every foundation was treating it like the Holy Grail,” stated one participant (the participant with the longest career in nonprofit management, more than 35 years).

5.2.1.5 Question 5: What can the public sector do to foster collaboration? The strongest consensus around the public sector’s role in fostering collaboration is in its ability to play a convening role. The work of Denver City and County in assisting the formation of the coalition of homeless providers was discussed, as was the work of the fledgling Denver Office of Strategic Partnerships.<sup>5</sup> It was cautioned in the second group that the public sector (in particular the new city administration) needed to be aware of not playing the paternalistic “big brother” in their role of convening nonprofit organizations.

The newsletter that the Denver Office of Strategic Partnerships has developed was discussed as a positive place for learning about funding initiatives and about the work of other nonprofit organizations.

5.2.1.6 Question 6: Other thoughts about collaboration? The concluding discussions were summaries of the responses to first five questions. It was the consensus of the first two focus groups that nonprofits have gained increasing sophistication about the processes of collaboration. Further, that experienced nonprofit managers will tend not to allow displacement of mission or goals for the sake of collaboration. It was reiterated that there needs to be a good

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<sup>5</sup> The mission of the Denver Office of Strategic Partnerships is to facilitate partnerships between nonprofit organizations and public and private organizations, in addition to other nonprofit organizations.

fit between and among organizations, over and above the collaborative project or activities, in order for a collaboration to be successful. The issue of agency size was raised again as a factor in first, whether an organization has the resources to collaborate, and second, as a factor when two organizations come together for collaboration. Again, the groups feel that the “collaboration trend” is over, and that collaboration is viewed as one mechanism for mission and goal accomplishment.

Not surprisingly, given that it comprised representatives of funders, the third focus group participants arrived at some of the same conclusions and some different conclusions. First, there was agreement with the first two groups that “collaboration for collaboration’s sake” is a past trend and that the nonprofit sector as a whole has become increasingly wise about the benefits of collaboration. Participants in the third group reiterated their opinion that it is a role of the funder to see the big picture, and this includes seeing possibilities for partnerships and collaboration. The group also reported that funding initiatives that sponsor collaborations are important tools for addressing social problems. The Colorado Coalition for the Homeless was raised as an example of a successful funder-driven collaborative initiative. Overall, however, the third focus group did not seem as concerned about “downside” of collaboration—that is, the sometimes hidden and unforeseen cost stressed by the nonprofit managers in the first two focus groups.

### 5.3 INTERPRETATIONS

The focus of this study was to examine the nexus between collaboration and nonprofit effectiveness and to answer the primary research question—Is there a relationship between collaboration and effectiveness? As was discussed in Chapter 1.0, collaboration has been advanced to nonprofit organizations as a means to more effective and efficient mission

fulfillment. Whether collaboration is or isn't a means to increased effectiveness and efficiency, the debate can be framed in a larger context.

That larger context is the search for understanding of whether and in what ways changes in the public sector's relationship with human and social services have influenced the human service nonprofit sector. The advents of the New Federalism and the New Public Management have been chronicled well in the literature. Some nonprofit scholars have been studying the ways in which these and other public sector trends have affected the human service nonprofit sector. This research is uncovering that the relationship between the public and human services nonprofit sector brings with it shared influences, shared expectations, and shared management tools. The way in which these shared influences, shared expectations, and shared management tools seem to have impacted the human services nonprofit sector is that they first were adopted and inculcated into the public sector (from the private sector) and then into the nonprofit sector.

The hope in doing this research was to ascertain the status and value of one particular management tool, collaboration, in adding to human services nonprofit organizations' organizational effectiveness. The question of collaboration's value in organizational effectiveness drove the impetus to engage in this research. This research does indicate a strong relationship between collaboration and organizational effectiveness.

In the process of answering the primary research question, however, other questions have arisen, influenced by the larger societal trends alluded to earlier. For example, is collaboration a "shared management tool" with the private and public sectors? Moreover, is collaboration a tool that is understood and used effectively? Moreover, is the motivation to collaborate based in ideology or based in a rational search for effectiveness? Each of these questions merits further review and research.

The research reported on in this dissertation indicates that collaboration has reached the status of shared management tool. Additionally, this research indicates sophistication about collaboration.

The survey data and the results of the focus groups indicate that collaboration is a tool that is used by the majority of nonprofit organizations represented in these two data collection efforts. The discussion and conclusions of the focus groups indicate an increasing sophistication with collaboration—that “collaboration for collaboration’s sake” is a trend that is passed. Seventy-four percent of the organizations that responded to the survey indicated that they are collaborating more now than they were five years ago. There was a strong sense from the first two focus groups that it is important that nonprofit organizations choose and design their own collaborations. The third focus group, whose participants represent funders, expressed that they feel that funders can provide needed incentives for collaborations. Albeit there is a difference in opinion between nonprofit manager and funder about the impetus for collaboration, all agree that there is value in collaboration. The focus group participants who are nonprofit managers, however, stressed the importance of using collaboration appropriately and not to allow goal displacement to occur with misguided collaborations.

In comparing the results of the focus groups and the survey, one additional difference emerged that is worthy of note: the focus group respondents felt that smaller organizations might be constrained by internal resources, resulting in less collaborating than their larger colleagues. The results of the survey indicate the contrary; smaller organizations are collaborating more, and there is a stronger positive correlation between collaboration and their organizational effectiveness than with larger organizations.

With few exceptions, nonprofit organizations tend to collaborate more with other nonprofit organizations and slightly less so with public sector organizations than they do with private sector organizations. This does not preclude that those same organizations might also have sponsorship, contracting, and partnership relationships with private and public sector organizations.

All three focus groups concluded that collaboration a tool to be used. The most salient difference between the nonprofit managers and the funders who participated in the focus groups was the issue of *who* should decide when collaboration is an appropriate approach to a specific problem. There was strong feeling among the nonprofit managers that *they*, not funders, are in a better position to know when collaboration is the right tool. Conversely, there was strong feeling among the funders that their perspective gives them a broader understanding of when collaboration should be part of a solution to a particular problem.

Overall, the results of the survey and focus groups indicate the collaboration is a part of the human service nonprofit toolkit. Collaboration appears to have gained the status of “shared management tool” that public policy shifts—in particular the New Federalism and the New Public Management—generated. The days of collaboration for collaboration’s sake seem to be passing.

## 6.0 IMPLICATIONS FOR THE FUTURE

This research indicates that human service nonprofit organizations in Denver County are collaborating routinely and more now than five years ago. Additionally, it is clear that organizations are collaborating more purposively than in the past. The results of the survey and the focus groups indicate that organizations have an increasingly sophisticated understanding of the mechanics and hoped-for outcomes of collaboration. The significant positive correlation between collaboration and organizational effectiveness among the organizations surveyed, and in particular among the smaller organizations, provides more than anecdotal proof of collaboration's impact.

Given that collaboration is a tool that can provide value, what then, are some of the implications for the future of collaboration and its role in nonprofit effectiveness? One immediate implication is that this information needs to be brought forward and given a higher profile. There is a prevailing perception nationally and in Denver County that nonprofits of all types are unnecessarily duplicating services, are inefficient, and are not linking up to form partnerships. This research indicates that there is more collaboration going on than is perceived. This research could add a needed dimension of empirical data to the dialogue.

Another implication for the future is the need for dialogue between grantees and funders about the difference in perception and opinion about how and when collaboration should be used. The dialogue also should include a discussion about "hidden costs" of collaboration that might not be apparent to funders. "Hidden costs" refers to the layers of staff discussion and coordination, reporting coordination, and coordination of evaluation of outcomes that

collaboration requires. In the same vein, funders need to communicate to grantees about their (funders) perspective of the bigger picture, and thus their ability to see when collaboration is the right tool.

If, as this research implies, collaboration is a management tool, then it needs to be understood as such. There is a need to delineate the expected outcomes from collaboration, and a need for in-depth understanding of how collaboration is used best in specific instances. There appears to be a learning curve for becoming expert at collaboration and for accumulated wisdom that can be useful in that learning curve. Technical assistance about the principles and smartest practices of collaboration was suggested by focus group participants. At a minimum, there is a need to understand better what collaboration is, and to understand and differentiate between collaboration, cooperation, and coordination. A more precise common vocabulary could go far in starting the collaboration dialogue in the human service nonprofit community of funders and nonprofit managers.

Another implication for the future is the need for further research on how an organization becomes poised to be able to collaborate effectively. The three additional independent variables in this study—management practices, change strategies, and board performance—had varying levels of correlations with collaboration. Additionally, each of the independent variables had varying levels of correlation with organizational effectiveness. The inclusion of these additional independent variables (in addition to collaboration) was to provide a frame of reference for understanding collaboration's contribution to organizational effectiveness. A future research question that could incorporate these organizational components would be the following: Is there a progression of management behaviors that must be followed in order to be able to take



advantage of collaboration opportunities? In other words, are there building blocks that an organization must have in place before being able to collaborate effectively?

One additional future implication is the need to do more measurement of the collaboration that *is* occurring in the human service nonprofit sector. This alone could help with the gap between perception and reality that this research has uncovered. Collaboration, released from its “trend” mystique, is ready to take its place alongside other management tools. There is good reason to believe that increased measurement of collaboration would further enhance its use in providing increased organizational effectiveness to human service nonprofit organizations. Framing this discussion in the larger context of the New Federalism and the New Public Management further reinforces that collaboration has earned a place in the lexicon of tools and practices that have permeated the membranes between the private, public, and nonprofit sectors.

This dissertation began with a discussion of regional differences in perception of how much and how effectively human service nonprofits work together. Those differences in perception were between the Tropman Study (described in Chapter 1.0) survey respondents from Denver and Pittsburgh concerning the level of collaboration within their nonprofit sectors. In addition, though the focus of this dissertation is the individual nonprofit organization, the regional question remains: Are Denver County human service nonprofit organizations more, or less, collaborative than their peers across the nation?

It is hoped that the research and measurement tools reported on herein can be used as a springboard to other measurement and analysis, including regional analysis. Scholars like Annalee Saxenian (1994), whose comparative study of Silicon Valley and Route 128 looked at the impact of collaboration and cooperation within those regions’ electronic industries, are looking at how regions do and do not work together. Similarly, regionalism proponents Henton,

Melville, and Walsh (1997), in their search for why some regions fail and some succeed conclude, that the following:

After a decade of exploration, we have observed a recurring pattern that offers the best explanation for why regions succeed. The communities that are most optimistic and ready for the new world practice collaborative advantage. They enjoy tight relationships at the intersection of their business, government, education, and community sectors, which provide regional resiliency and a unique ability to set and achieve longer-term development goals. (Henton, Melville & Welsh, 1997, p.xvi)

In summary, this research raises four primary future implications: the need for further community dialogue about collaboration's status as a management tool, the need for an understanding of whether there are prerequisite organizational building blocks that must be in place before an organization can collaborate effectively, the need to measure the collaboration that is already happening within the nonprofit sector, and the challenge to elevate these questions to the regional level.

## APPENDIX A

### A.1 SURVEY OF NONPROFIT ORGANIZATIONAL EFFECTIVENESS, SURVEY COVER LETTER, AND SURVEY REMINDER POSTCARD

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Survey of Nonprofit Organizational Effectiveness

#### Introduction

**This survey is looking at factors that affect a nonprofit organization's effectiveness.**

#### Instructions

The items in the questionnaire are grouped into four sections:

- 1) Characteristics of the organization;
  - 2) Evaluations of the organization's effectiveness;
  - 3) Assessments of collaboration, management, change strategies, and board performance;
  - 4) Characteristics of the individual completing the survey on behalf of the organization.
- 
- Please complete the following sentences and fill-in the blanks.
  - Your responses will be held in confidence and individual respondents will not be identified.
  - The survey does ask you to identify your organization and provide some background information, but this is purely for analytical purposes.

Please only fill out this survey if your organization is located in Denver County.

# 1. Characteristics of the Organization

A. The name of the non-profit organization I am involved with is: \_\_\_\_\_

B. Organization's zip code is: \_\_\_\_\_

C. The type of non-profit organization I am involved with is best described as

Human services  
 Community development  
 Other (specify \_\_\_\_\_)

D. The organization's mission is: \_\_\_\_\_

F. The most important activity that my organization undertakes to accomplish this mission is: \_\_\_\_\_

G. My organization has # \_\_\_\_\_ full time staff

H. Staff race/ethnicity (expressed as percentage of total staff)

1 - African American (Black) \_\_\_\_\_%

2 - American Indian or Alaskan or Native American \_\_\_\_\_%

3 - Caucasian (White) \_\_\_\_\_%

4 - Asian \_\_\_\_\_%

5 - Hispanic \_\_\_\_\_%

6 - Latino \_\_\_\_\_%

7 - Other (please specify) \_\_\_\_\_%

I. Board of directors race/ethnicity (expressed as percentage of total board)

1 - African American (Black) \_\_\_\_\_%

2 - American Indian or Alaskan or Native American \_\_\_\_\_%

3 - Caucasian (White) \_\_\_\_\_%

4 - Asian \_\_\_\_\_%

5 - Hispanic \_\_\_\_\_%

6 - Latino \_\_\_\_\_%

7 - Other (please specify) \_\_\_\_\_%

# 2. Management Practices

For each of the following items, please circle the number that best characterizes your organization's current level of effectiveness:

	Not Effective	Somewhat Effective	Effective	Very Effective	Not Applicable
A. Mission statement	1	2	3	4	5
B. Use of form or instrument to measure client satisfaction	1	2	3	4	5
C. Organizational planning document	1	2	3	4	5
D. Statement of organizational effectiveness criteria and goals	1	2	3	4	5
E. Description of or form used in CEO performance appraisal	1	2	3	4	5
F. Description of or form used in other employees' performance appraisals	1	2	3	4	5
G. Needs assessment	1	2	3	4	5
H. By-laws containing a statement of purpose	1	2	3	4	5
I. Independent financial audit	1	2	3	4	5

### 3. Strategies for Change

For each of the following items please circle the number that best characterizes your organization's current level of effectiveness with these practices.

	Not Effective	Somewhat Effective	Effective	Very Effective	Not Applicable
A. Development of new revenue sources	1	2	3	4	5
B. Strategy for enhancing the organization's position within the community	1	2	3	4	5
C. Strategies for reduction in program and operations if needed	1	2	3	4	5
D. Key staff members understand how to manage change	1	2	3	4	5
E. Key board members understand how to manage change	1	2	3	4	5

### 4. Board of Director Activities

For each item please circle the number that best characterizes your board of director's current level of effectiveness with:

	Not Effective	Somewhat Effective	Effective	Very Effective	Not Applicable
A. Policy formation	1	2	3	4	5
B. Legal accountability	1	2	3	4	5
C. Participation in short-term and long-term planning	1	2	3	4	5
D. Representing organization to community	1	2	3	4	5
E. Ongoing assessment of organization's overall performance	1	2	3	4	5
F. Recruitment of new board members	1	2	3	4	5
G. Training new board members	1	2	3	4	5
H. Setting the specific duties of the board	1	2	3	4	5
I. Ongoing training to improve board skills	1	2	3	4	5
J. Using competitive hiring processes	1	2	3	4	5
K. Termination of executive director/CEO when there is cause	1	2	3	4	5
L. Formal evaluation of executive director/CEO performance	1	2	3	4	5
M. Fundraising	1	2	3	4	5
N. Personal (board) financial contributions	1	2	3	4	5
O. Setting organization's budget	1	2	3	4	5
P. Accessibility for resolution of staff disputes	1	2	3	4	5

## 5. How Your Organization Works With Other Organizations

**Question Five** relates to how your organization works with other organizations (private, nonprofit and public). Please circle the number that best characterizes how often your organization engages in the following practices.

	Non-Profit Organizations					Public Organizations					Private Organizations				
	Never	Rarely	Occasionally	Often	Very Often	Never	Rarely	Occasionally	Often	Very Often	Never	Rarely	Occasionally	Often	Very Often
A. How often does your organization do the following...															
B. Work with other organizations to evaluate service needs of people and develop a plan for receiving services	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
C. Participate in networks with other organizations to share information about service recipients	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
D. Share volunteers with other service providers	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
E. Share space for serving clients with other service providers	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
F. Engage in grant writing with other organizations	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
G. Work in partnership with other organizations through a coalition or umbrella organization	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
H. Implement grants with another organization	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
I. Share staff with other service providers	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
J. Pool financial resources with other organizations to provide services	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
K. Join with other organizations to purchase services and supplies for your own operations	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
L. Carry out joint budgeting with other organizations	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
M. Participate in strategic planning with other organizations	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
N. Serve on inter-agency teams for planning or service coordination	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
O. Adopt common sets of procedures with other organizations for delivering services	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
P. Adopt program service guidelines in cooperation with other service providers	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Q. Adopts assessment strategies in cooperation with other service providers	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
R. Join with other organizations to write common mission or vision statements	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
S. Evaluate the outcomes of collaborative efforts	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
T. How often is your organization motivated to collaborate because of funding incentives?	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
U. How often is your organization motivated to collaborate because of mission fulfillment?	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5

V. Does your organization collaborate more now than five years ago? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, why? \_\_\_\_\_

W. If no, why not? \_\_\_\_\_

## 6. Overall Organizational Effectiveness

Please circle the number that characterizes how well each of the following statements describes your organization at present.

	Doesn't describe us	Describes us somewhat	Describes us well	Describes us very well
A. Responsive to client (individuals who use organization's services) needs	1	2	3	4
B. Accountable to constituents (including clients, staff, board, general public)	1	2	3	4
C. Beneficiaries and other stakeholders are involved in program decisions	1	2	3	4
D. Shares and/or leads in coalitions, partnerships, and networks	1	2	3	4
E. Excellent relationships with principal sources of funds	1	2	3	4
F. Public image of integrity, cooperation, and capability	1	2	3	4
G. Sufficient human resources (volunteer and staff) to deliver services, attract resources, and promote mission	1	2	3	4
H. Leadership resources to provide vision and strategic direction	1	2	3	4
I. Knowledge resources such as special information, skills, tools, and judgment	1	2	3	4
J. Develops programs to respond to beneficiary needs	1	2	3	4
K. Diversity in human resources consistent with the community	1	2	3	4
L. Programs to develop financial resources	1	2	3	4
M. Physical resources and infrastructure meet service needs	1	2	3	4
N. Effective internal communications	1	2	3	4
O. Has and uses logistical capability appropriate to serve beneficiaries	1	2	3	4
P. Ways to develop staff, volunteer, management, and leadership resources	1	2	3	4
Q. Has control and reporting via budgets, plans, reports, and audit	1	2	3	4
R. The staff and board work together to accomplish the mission	1	2	3	4
S. It is efficient, with growing productivity and with appropriate capacity	1	2	3	4
T. Uses long-term, strategic planning to achieve the mission	1	2	3	4
U. Achieves its long-term, strategic goals	1	2	3	4
V. Achieves its program goals	1	2	3	4
W. Makes administrative plans (operations, structure, budget, resource use)	1	2	3	4
X. Achieves its administrative goals	1	2	3	4
Y. Has operational planning to deliver services according to program goals	1	2	3	4
AA. Achieves its operational goals	1	2	3	4
BB. Evaluates outcomes against goals at strategic, program, administrative and operational levels	1	2	3	4

## 7. Background

7a. My position with this organization is best described as:

- 1 - Executive Director
- 2 - Board Member
- 3 - Other

(specify \_\_\_\_\_)

7b. I have been in this position for \_\_\_\_\_ years

7c. Age: \_\_\_\_\_ years

7d. Your race/ethnicity:

- 1 - African American (Black)
- 2 - American Indian or Alaskan or Native American
- 3 - Caucasian (White)
- 4 - Asian
- 5 - Hispanic
- 6 - Latino
- 7 - Other (please specify)

7e. The race/ethnicity of the population my organization serves is (by percentage):

- 1 - African American (Black) \_\_\_\_\_%
- 2 - American Indian or Alaskan or Native American \_\_\_\_\_%
- 3 - Caucasian (White) \_\_\_\_\_%
- 4 - Asian \_\_\_\_\_%
- 5 - Hispanic \_\_\_\_\_%
- 6 - Latino \_\_\_\_\_%
- 7 - Other (please specify) \_\_\_\_\_%

\_\_\_\_\_)

7f. In the last fiscal year, what percentage of your organization's total revenue came from Government sources?

\_\_\_\_\_ % of our total revenue in the last fiscal year was from Government sources

7g. Total budget is:

Less than \$100,000

- \$100,000-199,000
- \$200,000-\$299,000
- \$300,000-\$399,000
- \$400,000-\$499,000
- \$500,000-\$699,000
- \$700,000-\$999,000
- \$1,000,000-\$1,999,000
- \$2,000,000-\$2,999,000
- \$3,000,000-\$3,999,000
- Over \$4,000,000

7h. Your gender

Female \_\_\_\_\_

Male \_\_\_\_\_

**Thank you for your valuable time and insights. If you'd like to receive a copy of the summary of this research, please indicate below. Please send a copy of the summary of this research to:**

Name

Mailing address

Email address



## A.2 SURVEY COVER LETTER

**Jane Hansberry, Ph.D. Candidate**  
**Graduate School of Public and International Affairs, University of Pittsburgh**  
**1933 East 23<sup>rd</sup> Avenue**  
**Denver CO 80205**  
**August 25 2004**

### **Executive Director**

Dear **Executive Director (this was personalized when a contact name was available)**,

I am writing to ask for your help with research I am conducting. I am a doctoral student affiliated with the University of Pittsburgh's Graduate School of Public Affairs, though my work and home are here in Denver. My dissertation focus is the relationship between collaboration and management practices in human service nonprofit organizations. My goal is to increase and disseminate knowledge about smart management practices to nonprofit scholars and practitioners. I would greatly appreciate it if you would help me achieve this goal by completing the enclosed survey.

Your answers to this survey will be confidential and will not be revealed to anyone who is not associated with this project. Your data will be combined with that of other participating organizations and reported as summary data only.

A summary of the results of this survey will be available to you. To receive a copy of this summary, simply answer "yes" to the last question on the survey form and provide name and address of the person to whom the results will be sent. Once the questionnaire is complete, please return it in the envelope provided. No postage is necessary. If you prefer, you can fax it to me at (303) 837.1557. If you have any questions about this research, or how the results will be used, please do not hesitate to contact me at (303) 377.1271.

Thank you for your help.

Sincerely,

Jane Hansberry  
Ph.D.Candidate  
Graduate School of Public and International Affairs  
University of Pittsburgh

### A.3 SURVEY REMINDER POSTCARD

A questionnaire entitled “Survey of Nonprofit Organizational Effectiveness” was mailed to you last week. If you haven’t completed the questionnaire, could you please do so and return it today?

Your input will be used in a study about management practices in Denver County nonprofit organizations. Your response is needed to help ensure that the respondent group is a representative sample of nonprofit organizations.

If you did not receive the questionnaire, or have mislaid it, please call me at 303.377.1271 and I will send you another copy.

Thank you for your time and assistance,

Jane Hansberry  
Ph.D. Candidate  
Graduate School of Public and International Affairs  
University of Pittsburgh

## APPENDIX B

### RESPONDING ORGANIZATIONS' RATINGS ON NONPROFIT ORGANIZATIONAL EFFECTIVENESS SURVEY

Table B.1: Responding organizations' ratings on management practices, change strategies, board performance, and collaboration

On each item 1=Not effective, 4=Very effective

Average scores	Human service organizations	Community development	Total
<b>Management Practices</b>			
A. Mission statement	3.77	3.65	3.73
B. Use of form or instrument to measure client satisfaction	2.67	2.29	2.54
C. Organizational planning document	2.96	2.65	2.85
D. List or calendar of board development activities	2.81	2.82	2.81
E. Description of or form used in CEO performance appraisal	2.23	1.84	2.10
F. Description of or form used in other employees' performance appraisal	2.67	1.92	2.41
G. Report on most recent needs assessment	2.52	2.37	2.47
H. By-laws containing a statement of purpose	3.43	3.31	3.38
I. Independent financial audit	3.36	3.18	3.30
<b>Strategies for Change</b>			
A. Development of new revenue sources	2.74	2.76	2.75
B. Strategy for enhancing the organization's position within the community	3.12	2.94	3.06
C. Strategies for reduction in program and operations if needed	2.32	2.22	2.29
D. Key staff members understand how to manage change	2.86	2.76	2.83
E. Key board members understand how to manage change	2.82	2.80	2.81
<b>Board of Director Activities</b>			
A. Policy formation	3.00	3.04	3.06
B. Legal accountability	3.40	3.18	3.33
C. Participates in short-term and long-term planning	2.98	2.86	2.94
D. Representing organization to community	2.90	2.96	2.92
E. Ongoing assessment of organization's overall performance	2.79	2.57	2.71
F. Recruitment of new board members	2.34	2.33	2.34

Table B.1 (continued)

On each item 1=Not effective, 4=Very effective

Average scores		Human service organizations	Community development	Total
G.	Training new board members	2.14	1.98	2.08
H.	Setting the specific duties of the board	2.37	2.22	2.32
I.	Ongoing training to improve board skills	2.04	1.86	1.98
J.	Using competitive hiring processes	2.23	1.82	2.09
K.	Termination of executive director/CEO when there is cause	1.81	1.16	1.59
L.	Formal evaluation of executive director/CEO performance	2.31	1.73	2.11
M.	Fundraising	2.48	2.59	2.52
N.	Personal (board) financial contributions	2.79	2.35	2.64
O.	Setting organization's budget	3.05	2.76	2.95
P.	Accessibility to resolve staff disputes	1.77	1.57	1.70
<b>Collaboration</b>				
A.	Work with other organizations to evaluate service needs of people and develop a plan for receiving services	2.98	2.86	2.94
B.	Participate in networks with other organizations to share information about service recipients	2.90	2.96	2.92
C.	Share volunteers with other service providers	2.79	2.57	2.71
D.	Share space for serving clients with other service providers	2.34	2.33	2.34
E.	Engage in grant writing with other organizations	2.14	1.98	2.08
F.	Work in partnership with other organizations through a coalition or umbrella organization	2.37	2.22	2.32
G.	Implement grants with another organization	2.04	1.86	1.98
H.	Share staff with other service providers	2.23	1.82	2.09
I.	Pool financial resources with other organizations to provide services	1.81	1.16	1.59
J.	Join with other organizations to purchase services and supplies for your own operations	2.31	1.73	2.11
K.	Carry out joint budgeting with other organizations	2.48	2.59	2.52
L.	Participate in strategic planning with other organizations	2.79	2.35	2.64
M.	Serve on inter-agency teams for planning or service coordination	3.05	2.76	2.95
N.	Adopt common sets of procedures with other organizations for delivering services	1.77	1.57	1.70
O.	Adopt program service guidelines in cooperation with other service providers	2.23	1.82	2.09
P.	Adopt assessment strategies in cooperation with other service providers	1.81	1.16	1.59

On each item 1=Not effective, 4=Very effective

Average scores	Human service organizations	Community development	Total
Q. Join with other organizations to write common mission or vision statements	2.31	1.73	2.11
R. Evaluate the outcomes of collaborative efforts	2.87	2.41	2.07
S. How often is your organization motivated to collaborate because of funding incentives?	3.07	2.75	2.37
T. How often is your organization motivated to collaborate because of mission fulfillment?	3.89	3.38	2.88

Table B.2: Responding organizations' ratings on organizational effectiveness

Effectiveness	Human service organizations	Community Development Organizations	Total
A. Responsive to client (individuals who use organization's services) needs	3.61	3.41	3.54
B. Accountable to constituents (including clients, staff, board, general public)	3.51	3.29	3.43
C. Beneficiaries and other stakeholders are involved in program decisions	2.79	2.57	2.71
D. Shares and/or leads in coalitions, partnerships, and networks	3.24	3.02	3.17
E. Excellent relationships with principal sources of funds	3.28	3.10	3.22
F. Public image of integrity, cooperation, and capability	3.50	3.45	3.48
G. Sufficient human resources (volunteer and staff) to deliver services, attract resources, and promote mission	2.56	2.35	2.49
H. Leadership resources to provide vision and strategic direction	3.22	2.94	3.13
I. Knowledge resources such as special information, skills, tools, and judgment	3.20	3.06	3.15
J. Develops programs to respond to beneficiary needs	3.30	3.00	3.20
K. Diversity in human resources consistent with the community	2.73	2.61	2.69
L. Programs to develop financial resources	2.63	2.51	2.59
M. Physical resources and infrastructure meet service needs	2.73	2.63	2.70
N. Effective internal communications	2.95	2.88	2.92
O. Has and uses logistical capability appropriate to serve beneficiaries	2.91	2.84	2.89
P. Ways to develop staff, volunteer, management, and leadership resources	2.79	2.63	2.73
Q. Has control and reporting via budgets, plans, reports, and audit	3.38	3.08	3.28
R. The staff and board work together to accomplish the mission	2.98	2.92	2.96

S.	It is efficient, with growing productivity and with appropriate capacity	2.91	2.64	2.82
T.	Uses long-term, strategic planning to achieve the mission	2.88	2.71	2.83
U.	Achieves its long-term, strategic goals	3.00	2.67	2.89
V.	Achieves its program goals	3.20	2.92	3.10
W.	Makes administrative plans (operations, structure, budget, resource use)	3.13	2.78	3.01
X.	Achieves its administrative goals	3.10	2.78	2.99
Y.	Has operational planning to deliver services according to program goals	3.14	2.76	3.01
Effectiveness		Human service organizations	Community Development Organizations	Total
AA.	Achieves its operational goals	3.16	2.78	3.03
BB.	Evaluates outcomes against goals at strategic, program, administrative and operational levels	2.96	2.65	2.85

## APPENDIX C

### STATISTICAL TESTS DETAIL

Table C.1: Reliability analysis of independent and dependent variables

Variable	Cronbach's Alpha	Cronbach's Alpha based on Standardized Items	N of items
Board performance	.857	.882	16
Change strategies	.709	.718	5
Management procedures	.781	.780	9
Collaboration	.961	.964	59
Effectiveness	.950	.951	27

Table C.2: Bivariate correlation analysis of independent and dependent variables

		Effectiveness	Change management	Board performance	Management practices
Effectiveness	Pearson Correlation	1	.617(**)	.394(**)	.278(**)
Change Management	Pearson Correlation	.617(**)	1	.527(**)	.476(**)
Board performance	Pearson Correlation	.394(**)	.527(**)	1	.416(**)
	Sig. (1-tailed)	.000	.000	.	.000
Management Practices	Pearson Correlation	.278(**)	.476(**)	.416(**)	1
	Sig. (1-tailed)	.000	.000	.000	.
Collaboration	Pearson Correlation	.549(**)	.516(**)	.228(**)	.335(**)
	Sig. (1-tailed)	.000	.000	.003	.000

N=143, \*\* Correlation is significant at the 0.01 level

Table C.3: Forward Multiple Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.617(a)	.381	.376	11.604	.381	86.732	1	141	.000
2	.673(b)	.454	.446	10.940	.073	18.629	1	140	.000

a Predictors: (Constant), CHANGE

b Predictors: (Constant), CHANGE, COLLAB

Table C.4: ANOVA of Forward Multiple Regression

ANOVA<sup>c</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11679.024	1	11679.024	86.732	.000 <sup>a</sup>
	Residual	18986.546	141	134.656		
	Total	30665.570	142			
2	Regression	13908.779	2	6954.390	58.103	.000 <sup>b</sup>
	Residual	16756.791	140	119.691		
	Total	30665.570	142			

a. Predictors: (Constant), CHANGE

b. Predictors: (Constant), CHANGE, COLLAB

c. Dependent Variable: EFFECT



Table C.5 Small organizations' multiple regression model summary

Model	R back7G <= 5 (Selected)	Adjusted R Square R Square Change	Std. Error of the Estimate	Change Statistics				
				F Change	df1	df2	Sig. F Change	
1	.678(a)	.452	11.785	.459	63.651	1	75	.000
2	.761(b)	.567	10.473	.119	20.972	1	74	.000

a. Predictors: (Constant), CHANGE

b. Predictors: (Constant), CHANGE, COLLAB

Table C.6: ANOVA of small organizations multiple regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8840.097	1	8840.097	63.651	.000(a)
	Residual	10416.267	75	138.884		
	Total	19256.364	76			
2	Regression	11140.273	2	5570.137	50.787	.000(b)
	Residual	8116.090	74	109.677		
	Total	19256.364	76			

a. Predictors: (Constant), CHANGE

b. Predictors: (Constant), CHANGE, COLLAB

c. Dependent Variable: EFFECT

d. Selecting only cases for which back7G <= 5

Table C.7: Correlations of collaboration components and organizational effectiveness components

		COLLABC	COOP	COORD	GOALS	EFFICIENT	RESOURCES
COLLABC	Pearson Correlation	1	.878(**)	.600(**)	.449(**)	.442(**)	.463(**)
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000
COOP	Pearson Correlation	.878(**)	1	.681(**)	.460(**)	.449(**)	.496(**)
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000
COORD	Pearson Correlation	.600(**)	.681(**)	1	.428(**)	.369(**)	.499(**)
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000
GOALS	Pearson Correlation	.449(**)	.460(**)	.428(**)	1	.747(**)	.696(**)
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000
EFFICIENT	Pearson Correlation	.442(**)	.449(**)	.369(**)	.747(**)	1	.652(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000
RESOURCES	Pearson Correlation	.463(**)	.496(**)	.499(**)	.696(**)	.652(**)	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.
CLIENT	Pearson Correlation	.465(**)	.480(**)	.503(**)	.571(**)	.621(**)	.656(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000

N=143

\*\* Correlation is significant at the 0.01 level (two-tailed).

Table C.8: Correlations between organizational effectiveness and antecedent variables

		Effectiveness	Age of organization	# of years in the job	Respondent's age	% of overall budget from gov't	Total budget
Pearson Correlation	Effectiveness	1.000	-.106	.107	-.045	.227	.412
	Age of organization	-.106	1.000	-.176	-.101	-.134	-.251
	# of years respondent in present job	.107	-.176	1.000	.464	.220	.262
	Respondent's age	-.045	-.101	.464	1.000	.054	.163
	% of overall budget from gov't	.227	-.134	.220	.054	1.000	.484
	Total budget	.412	-.251	.262	.163	.484	1.000
	Respondent's gender	-.106	.269	.070	.070	-.106	-.004
Sig. (1-tailed)	Effectiveness	.	.104	.101	.297	.003	.000
	Age of organization	.104	.	.018	.114	.055	.001
	# of years respondent in present job	.101	.018	.	.000	.004	.001
	Respondent's age	.297	.114	.000	.	.260	.026
	% of overall budget from gov't	.003	.055	.004	.260	.	.000
	Total budget	.000	.001	.001	.026	.000	.
	Respondent's gender	.103	.001	.203	.202	.104	.483

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