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THE STRENGTH OF AN ORGANIZATION: An analytical study of global nonprofit organizations' management strategies and their implications to global commercial organizations

35132743-9 EMI BÉLAND
GLOBAL BUSINESS MANAGEMENT STRATEGY

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Abstract

In this fast-paced globalized world where borders are thinning and the transaction of money, flow of people and things are becoming increasingly high, managing an organization becomes a battle: a battle to gain the first access, a battle to achieve efficiency, and a battle to excel in performance. Such battles cannot be easily won without conquering the battle of winning global talents before the competitors and effectively managing one's organization. While many of the for-profit companies struggle in this area, even with a high level of resources and accumulated know-hows, not to mention the ample compensation and sufficient benefits they may be able to extend toward their employees, there exist a substantial number of global nonprofit organizations that seem to be successful in attracting skilled and talented workers with less pecuniary incentives and wisely managing their organizations hence giving visible impact on the society.

This research seeks to discover the secret to such success through an analytical study of three nonprofit organizations that are actively operating worldwide. Their management and organizational styles, as well as their strategy on human capital, are firmly grounded in their unwavering commitment to a clear mission and their desire to solve the "problem," the reason for which they exist in the first place. The case studies of such organizations can shed light on the effectiveness of

mission-and-value-oriented management, not only in the nonprofit sector but also in the for-profit sector. Through each case study, this research attempts to draw implications to assist in solving today's organizational and human capital challenges faced by the for-profit sector. The research suggests that the mission-driven strategies on human capital and organizational management of the three nonprofits - the World Organization of the Scout Movement (WOSM), Greenpeace and Tearfund - offer implications to for-profit organizations in the areas of recruitment, training, talent management, evaluation and organizational management.

<Inside Cover>

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CHAPTER 1. MISSION AND VALUES

Section 1. IMPORTANCE OF MISSION AND VALUES TO AN ORGANIZATION

In forming and maintaining a unified tightly-knit organization that stands the test of time, although there are many aspects in running an organization, one cannot ignore the importance of presenting a clear mission and values to its stakeholders. An organizational mission is the statement of purpose that specifies "who the organization is and what it does" (Levin, 2000). A true mission is a clear and compelling goal that focuses people's efforts (Collins and Porras, 1994). It instills in the members of an organization, whether they are employees or volunteers, clear directions to move forward, without wavering, to achieve the task entrusted upon them by the management as well as by the society.

This is increasingly becoming crucial as businesses become globalized and M&As increase. As domestic markets become saturated and companies start to seek for more potential growth, finding a new market overseas is a natural move. Whether they move out of the home base for gaining access to more customers or for establishing a production center to take advantage of cheaper labor opportunities, they are bound to face what Ghemawat calls "cultural distance" (Ghemawat, 2001), one of the crucial elements when dealing with people in differing social backgrounds and contexts. Although Ghemawat's framework of cultural distance is used to explain external aspects such as the effect on consumers' product preferences, the same attributes can be applied to account for internal aspects of the company, especially in the area of human capital management. Once multinational companies make judgments about international investments and set foot on a foreign territory, they inevitably come to the realization that the cultural distance is more real than they presupposed. To compete in the new business environment, they must either shorten the distance with existing resources or leverage local talents with no such distance. When the latter is chosen, they must find ways to homogenize and harmonize, for the employees to speak a common language, not necessary linguistic language, although the cruciality of that is evident in carrying out day-to-day operations, but the corporate and cultural language of the company, so that the employees can face the same direction to achieve a common purpose.

James C. Collins and Jerry I. Porras, in their much celebrated classic best-seller of “Built to Last” state that “core values need no rational or external justification. Nor do they sway with the trends and fads of the day” (1994). In other words, for driving and managing an organization, having a stable set of values is essential to offering unified focus to employees. Providing a proper shared value and mission to its members can act as a powerful driving force to create a proactive and participatory organizational culture and identity, even among a diversified group. A stronger identity or a sense of belonging to the organization binds its members to create a distinctive organization that strives to overcome challenges and align members to organization’s purpose.

One cannot stress enough the importance of a mission to a business. This is indicated in the fact that most of the existing businesses do have, in one way or another, a mission they abide by. They may call it simply a mission or a mission statement. There are plenty of other titles such as core values, vision, purpose, guiding principles, corporate goal, ethos, mantra, or credo, but the idea represented is synonymous. Table 1 shows the mission statements of the top 10 companies listed on the Fortune magazine’s “Global 500 2014.” The statements are taken from the companies’ websites, from the section proclaiming who they are and what they do – their mission. Some are long and wordy. Some are short and precise. There are ones that are unequivocal and there are ones that are ambiguous. It is not the intent of this thesis to make any argument on the validity of these mission statements, or to examine their correlation to the companies’ performance but simply to say that no matter what the literal quality of their mission statement may be, the fact that all of these top 10 companies have a statement to signal to the world who they are and to guide their employees in their everyday operations including critical decision-making indicates that the top 10 companies are aware that a mission statement is a crucial element of a company’s management and organizational strategies.

Table 1: Mission Statements of Fortune Global 500 2014 Top 10 Companies

Company Name	Country	Business	Mission Statement &Values
Wal-Mart Stores, Inc.	USA	Retail	We save people money so they can live better
Royal Dutch Shell	Netherlands/ UK	Energy	The objectives of the Shell Group are to engage efficiently, responsibly and profitably in oil, gas, chemicals and other selected businesses and to participate in the search for and development of other sources of energy to meet evolving customer needs and the world's growing demand for energy. We believe that oil and gas will be integral to the global energy needs for economic development for many decades to come. Our role is to ensure that we extract and deliver them profitably and in environmentally and socially responsible ways. We seek a high standard of performance, maintaining a strong long-term and growing position in the competitive environments in which we choose to operate. We aim to work closely with our customers, partners and policy-makers to advance more efficient and sustainable use of energy and natural resources.
Sinopec Group	China	Energy	To Provide Energy For Better Living
China National Petroleum	China	Energy	Caring for Energy, Caring for You Energize • Harmonize • Realize China National Petroleum Corporation (CNPC) is committed to "Caring for Energy, Caring for You". We strive for harmonious relationships between operations and safety, energy and the environment, corporate and community interests, and employers and employees. We are committed to protecting the environment and saving resources, promoting the research, development and application of environmentally friendly products, fulfilling our responsibilities to society and promoting development that benefits all.
Exxon Mobil	USA	Energy	Exxon Mobil Corporation is committed to being the world's premier petroleum and petrochemical company. To that end, we must continuously achieve superior financial and operating results while simultaneously adhering to high ethical standards.
BP	UK	Energy	We aim to create long-term value for shareholders by helping to meet growing demand for energy in a safe and responsible way. We strive to be a world-class operator, a responsible corporate citizen and a good employer.
State Grid	China	Energy	Ensure safer, more economical, cleaner and sustainable energy supply. Promote healthier development, more harmonious society and better life.
Volkswagen	Germany	Automaker	No official MS. Closest is the group's goal of "Mobility for everyone, all over the world"
Toyota Motors	Japan	Automaker	5 main principles of Toyoda •Always be faithful to your duties, thereby contributing to the company and to the overall good.

			•Always be studious and creative, striving to stay ahead of the times. •Always be practical and avoid frivolousness. •Always strive to build a homelike atmosphere at work that is warm and friendly. •Always have respect for spiritual matters, and remember to be grateful at all times.
Glencore	Switzerland	Commodities	We are a leading integrated producer and marketer of commodities, with worldwide activities in the marketing of metals and minerals, energy products and agricultural products and the production, refinement, processing, storage and transport of those products. We operate globally. We market and distribute physical commodities sourced from third party producers as well as our own production to industrial consumers, such as those in the automotive, steel, power generation, oil and food processing industries. We also provide financing, logistics and other services to producers and consumers of commodities.

Source: Company official websites

Section 2. PREVIOUS STUDIES ON MISSION AND VALUES

Countless number of researches have dedicated themselves to proving the usefulness of mission statements and organizational core values as a powerful managerial tool to motivate and empower employees. While the importance of a mission statement has been recognized in the mentions of executives and managers as well as academics, considering it in the context of performance model is rather recent (Bart, Bontis and Taggar, 2001). Studies, such as those of Baum, Locke and Kirkpatrick (1998), Bart, Bontis and Taggar (2001), Sheaffer, Landau and Drori (2008) and Dermol (2012), have investigated the importance of an organizational mission statement and its correlation to a high and satisfactory performance. For example, through an examination of 83 large Canadian and US organizations, Bart, Bontis and Taggar's study shows how mission statements can affect financial performance (2001). Dermol, on the other hand, in her interesting research on a sample of 394 Slovenian companies, explores the relationship between the existence of a mission statement on one side, and different measures of company performance on the other and shows value added per employee (VAE) as the only performance measure associated with existence or non-existence of a mission statement (2012).

Although numerous researches have shown positive correlations between mission statements and employee behavior leading to high performance, and that most businesses believe in the significance of mission and values and spend time formulating it and come back to it in times of crisis to align their employees to bring behavioral changes in the desired direction (Bart, Bontis & Tagger, 2001), many organizations still struggle in implementing their mission and values to their periphery.

Section 3. COULD MISSION-DRIVENNESS BE THE SOLUTION TO TODAY'S ORGANIZATIONAL CHALLENGES?

Today's global businesses operate in a complex world and the challenges they face are complex. If the literal world is any indicator of the social trend in a given year, the "people problem" businesses confront today is evident. The Harvard Business Review's 10 Must Reads Boxed Set includes nothing of innovation or marketing or finance but is a collection of articles solely dedicated to managing people and maximizing organizational performance. The Amazon's list of best-selling books of Business & Money category includes 5 books on people issue in the top 10 (amazon.com, 2014. Kindle edition duplications excluded).

The academic world shows a similar trend. Out of the top 5 academic journals on the list of the most used business journals at the Baker Library Bloomberg Center of Harvard Business School, the Academy of Management Review had the highest impact factor (most number of articles cited) in 2013 (Table 2).

Table 2: The Impact Factors of Top 5 Academic Journals at Baker Library, Harvard BS

Journals	Impact Factor (2013)
Academy of Management Journal	4.974
Academy of Management Review	7.817
Accounting Review	2.234
Administrative Science Quarterly	2.394
American Economic Review	3.305

* Impact factors taken from Impact Factor Search http://www.impactfactorsearch.com/

Though the impact factor may not be the only measurement of an academic journal's quality, it is interesting to note that out of the 27 articles listed in the Academy of Management Review's Best Article Winners Collection, 15 articles deal with organizational and employee issues (amr.aom.org, 2014). This indicates that, again, organizational and people issues are of high concern today and are not to be ignored.

So what are the challenges that business firms today are faced with. First of all, the business environment constantly keeps changing at an astronomical rate and factors such as globalization and connectivity enhanced by evolving technology force companies to respond immediately in order to remain competitive or even just to survive. A greater flexibility is expected both strategically and organizationally.

Secondly, the more the businesses penetrate into the global arena, the more the human capital available become diverse. A survey by McKinsey and the Conference Board found that 50 percent of executives acknowledge that "cultural fit" lies at the heart of a value enhancing merger and 25 percent called its absence the key reason a merger had failed, and that a full 80 percent admitted that culture remains ambiguous and difficult to define (Engert et al., 2010). Although the word "culture" here refers to corporate culture defined as a company's leadership style - the extent to which it holds employees accountable for their performance, its approach to innovation or building and maintaining external relationships (McKinsey, 2010), in other words, the way the companies do things - corporate culture is largely influenced by the background of the people that compose the company.

The diversity in human capital can be defined not only in terms of gender or ethnicity, what most decision-makers commonly perceive, but also in terms of generations. The US has managed to deal with the generation X but now a complete new species of Millennials are joining the workforce, those who are born in a digital world with thinking and behavioral patterns very different from the previous generation and characterized as lazy, self-entitled, digitally savvy yet socially adrift (Lanks, 2014). In Japan, born and grown up in the economically dark era, less risk-taking population as the

“Roomba Generation” (so called because of their characteristic to work effectively yet stop when they hit a wall, a concept introduced by the Japan Productivity Center (2013)) needs special attention and treatment, making the established feedback and evaluation methods obsolete. Doing business in rapidly changing emerging countries could carry far greater challenges in adapting to the generational gaps, not to mention the rather obvious cultural gaps, and global businesses are forced to make adjustments to accommodate a variety of people and gloom them into the organizational citizens they want them to be. In doing so, evaluation, recognition and reward appropriate to each group represented in the organization become essential to instill the right motivation to accomplish its mission.

Thirdly, the change in global demographic trends result in uneven distribution of skilled and talented workers, the main engine of business growth (PwC, 2014). This has critical implications on businesses, especially when they move out of their home to establish bases in another country or acquire a company for expansion. The 17th Annual Global CEO Survey, an extensive research done on 1,300 CEOs from 68 countries conducted by PricewaterhouseCoopers, shows that 63% of CEOs are concerned about the availability of key skills and 53% of CEOs are worried about rising labor costs in emerging economies (PwC, 2014). To recruit and retain the best talents available, they encounter the strenuous challenge of unifying employees with different historical, ethnic, and cultural backgrounds to encourage desirable actions. All this requires businesses to implement alternative recruiting styles and training methods to minimize employee frictions in order to reduce transaction costs.

Throughout history, businesses have evolved itself to adopt an organizational management strategy that best fits the time in defense of the going-concern. They have moved from old-fashioned hierarchical organizational set-up to implementing concepts such as delegation and localization to manualization to seeking solutions in a matrix structure. The fact remains that many organizations are struggling to find the best-fit and some are declining because they are blinded to the need to change. To keep sustainability and growth in an environment where organizational demographic diversity has become the norm, businesses can no longer depend on physical alterations of the organization but need to unify the minds and hearts of the employees to what they really need to do at the specific moment. Focusing the employees' eyes on the company's mission can divert them from getting caught up in the trap of company politics, bureaucracies and unnecessary details of everyday operations, hence adding speed and efficiency.

The ultimate form of mission-drivenness can be seen in the ways non-profit organizations operate. The mission statements on Table 1 show various articulations of who those companies are and what they aim to do. Sharon Oster, in her book entitled "Strategic Management for Nonprofit Organizations," states that mission statements answer two questions: what do we do and who do we serve? (1995) In light of this definition, many, as mentioned before are ambiguous. As will be presented in Chapter 3, successful global nonprofit organizations have a clear answer in their mission statements for those two questions. The clarity of the mission statements facilitates the behavioral patterns of the staff members as well as the volunteers to become aligned with the purpose in which they exist. The case studies in Chapter 3 will attempt to draw implications applicable to for-profit businesses by examining three nonprofit organizations, namely the World Organization of the Scout Movement (WOSM), Greenpeace and Tearfund. All three of them, although they are not without shortcomings, show efforts in trying to deal with organizational challenges mentioned above. However, through the research it has come to surface that one seems to have a better organizational strategy and mechanism to deal with a particular problem than the other which will be further examined in Chapter 3 (Table 3).

Table 3: The Challenges Faced by Businesses dealt by the 3 Nonprofit Organizations Studied - WOSM, Greenpeace and Tearfund

Challenges businesses face	WOSM	GREENPEACE	TEARFUND
Responsiveness, Flexibility, Speed and Efficiency	◌	○	◌
Motivating workers through appropriate evaluation, recognition and reward	○	◌	◌
Recruiting and retaining the best talents	◌	◌	○

CHAPTER 2. THE NONPROFITS AS A RESEARCH SUBJECT

Section 1. DEFINITION OF A NONPROFIT ORGANIZATION

The idea of a nonprofit organization is a varied one for it ranges from a small community group to a multi-billion-dollar international agency. Also, when seen from a global perspective, the requirements of obtaining a nonprofit status differ depending on which country the organization is based in. The article “An Overview of the International Comparison of Public Corporation System – Focusing on the UK, the USA, Germany and France” edited by the Japanese Secretariat of the Public Interest Corporation Commission (2013), mentions 4 government authorities that authorize or certify the publicness of an organization: tax authority, ministry or department of the government, collegial body and court.

In the United Kingdom, for example, the expression “the charitable sector” is used to legally differentiate the nonprofits from for-profit organizations. Moreover, the Charity Commission, a governmental department which registers and regulates charities in England and Wales to ensure that the public can support charities with confidence, categorizes the charitable sector in 4 different types depending on the legal structure it has, namely, charitable incorporated organization (CIO - association CIO and foundation CIO), charitable company (limited by guarantee), unincorporated association and trust (Charity Commission, 2014). Those organizations registered with the Charity Commission are ones that fit the 13 purposes mentioned in the UK Charities Act, and have entire or partial tax exempt status. However, many organizations publicly perceived as a nonprofit organization may not be a registered charity in accordance with the UK law because their objective is for political purpose. Amnesty International is one such example. Interestingly, the Japan branch of Amnesty International is registered as a nonprofit organization (Koeki Shadan Hojin) with the Japanese government. Here we see the difference in treatment by governments to the same organization.

In the United States, nonprofit organizations are operated under the state law rather than the federal law. Most of the states in the US have adopted provisions from one or both of the two laws:

Model Nonprofit Corporation Act of 1964 (revised in 1987) and Uniform Unincorporated Nonprofit Association Act of 1996. However, there are some federally chartered organizations such as the American Red Cross.

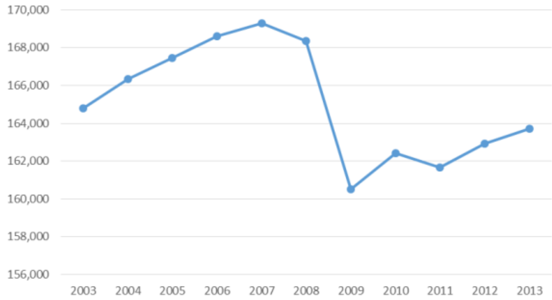
The expressions used in the US vary as they do in the UK from foundation to private philanthropy fund to nonprofit charitable organization. The National Center for Charitable Statistics divides nonprofit organizations into three categories: public charities, private foundations and other exempt organizations (NCCS, 2014). The Internal Revenue Service determines whether an organization can claim tax exemption hence defining it a nonprofit. It states in its requirements that "an organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual…The organization must not be organized or operated for the benefit of private interests, and no part of a section 501(c)(3) organization's net earnings may inure to the benefit of any private shareholder or individual" (IRS, 2014).

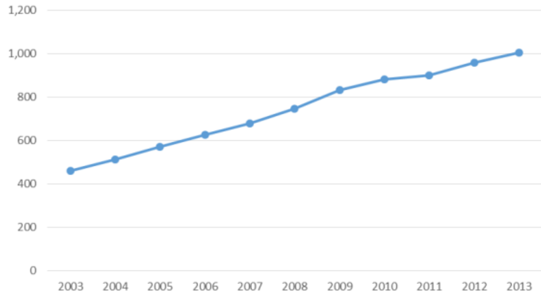
In Japan, the definition of nonprofit varies and what constitutes the sector includes schools, hospitals, religious groups and other public interest corporations all of which enjoy some kind of tax benefits according to their activities and degree of certification. There are basically two laws that govern organizations that operate for the benefit of the general public, not including organizations such as schools that operate under the School Education Act and religious groups that operate under the Religious Juridical Persons Act. Act on Promotion of Specified Nonprofit Activities (特定非営利活動促進法), otherwise known as the NPO law, grants NPO status to an organization that has as its raison d'être to "contribute to the advancement of the benefit of the general public" (NPO Act, Ch.1, Article 2). The authorization is given by the chartering agency of the prefecture where the organization has its headquarters. Under the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundation (公益社団法人及び公益財団法人の認定等に関する法律), there are 4 types of organizations that operate: Public Interest Incorporated Association, Public Interest Incorporated Foundation, General Incorporated Association and General Incorporated Foundation. Their nonprofit status is authorized by the Cabinet office of the Japanese government which also supervises their activities. The organizations that belong to the latter two categories have leniency in conducting their operations and financial requirements. However, the former two categories have a strict requirement of spending at least 50% of their income for public purposes.

As indicated above, each country has its own definition of a nonprofit organization and as scholars of the subject such as Kendall and Knapp (1995) and Courtney (2002) conclude that “there is no single ‘correct’ definition which can or should be uniquely applied in all circumstances.” However, we can say that there are common characteristics that exist when defining a nonprofit organization. They are indeed the facts that the organization is established for the purpose of the benefit of the public community, and it diverts its earnings, not to the shareholders or individuals but back to the community it serves hence are qualified for a whole or partial tax reliefs or exemptions. For the purpose of this research, the terminology of “nonprofit organization” is used for those that reflect the above-mentioned characteristics.

Section 2. WHY STUDY THE NONPROFITS?

Over the past 20 years, the number of nonprofit organizations have increased dramatically (Dolnicar, Irvine & Lazarevski, 2008). In the US, the number of nonprofit organizations increased from 1,368,332 in 2003 to 1,427,807 in 2013 (NCCS, 2014). In the UK, although the total number of nonprofit organizations during the same years dropped from 164,781 to 163,709 (Figure 1), the number of large charities with annual income of more than 10 million British Pounds has increased from 460 in 2003 to 1,005 in 2013 (Figure 2).





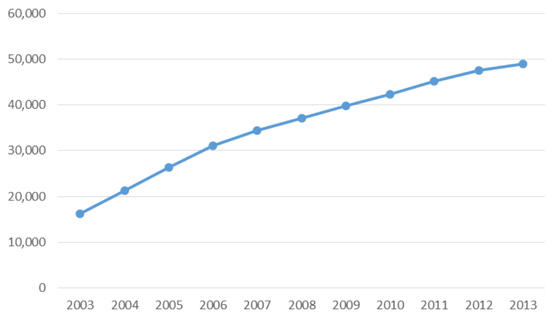
Source: The Charity Commission UK website

Source: The Charity Commission UK website

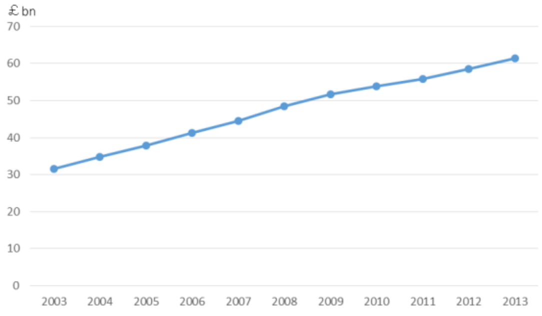
Figure 1: Number of Charities in the UK (as at Dec. 31)

Figure 2: Number of Large Charities in the UK (annual income > £10million)

In Japan, the number of specified nonprofits alone increased from 16,160 in 2003 to 48,985 in 2013 (Figure 3). The number of what the Cabinet Office determines as a nonprofit organization (民間非営利団体) increased from 158,460 in 2003 to 168,056 in 2012 (2013 figure not available).

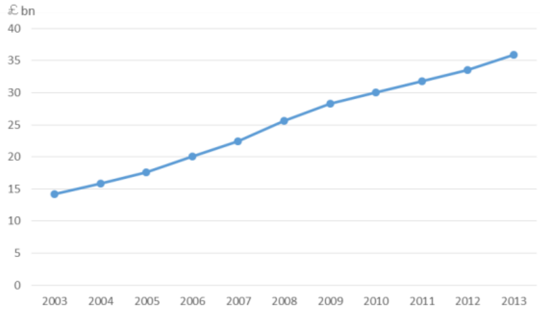


A careful look at the income figures (annual gross income and charitable contributions) of the nonprofit organizations in the above mentioned three countries show a tremendous increasing trend (Figures 4, 5, 6 and 7). Some studies show that the entire nonprofit sector contributes even up to 6% of the gross national product. In the US, according to the Nonprofit Almanac 2012, in 2010 public charities reported $1.45 trillion in expenses which is almost equivalent to the entire state direct spending of the same year.



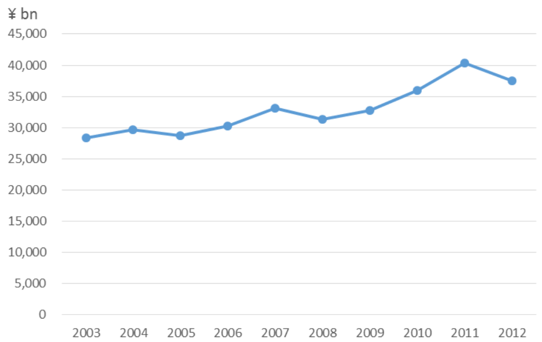
Source: The Charity Commission UK

Figure 4: Annual Gross Income of Charities in the UK (as at Dec. 31)



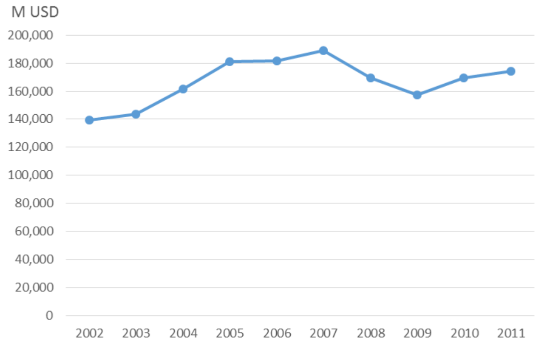
Source: The Charity Commission UK

Figure 5: Annual Gross Income of Large Charities in the UK (as at Dec. 31)



Source: The Cabinet Office website

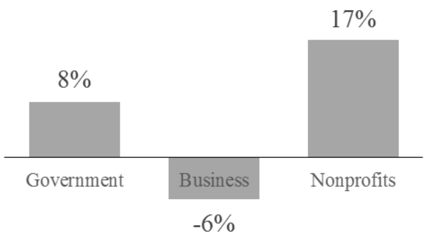
Figure 6: Annual Gross Income of NPOs in Japan



Source: IRS

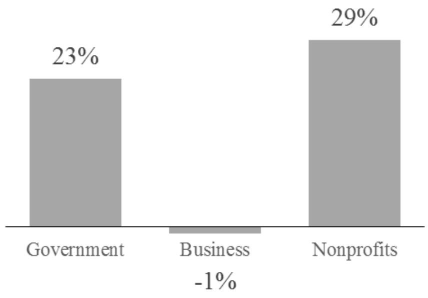
Figure 7: Amount of Itemized Charitable Contribution in the USA

In the US, since 2008, the overall number of employees in the US economy has been declining. Employment in the nonprofit sector, however, continued to increase throughout the recession. In fact, the nonprofit sector grew faster—in terms of employees and wages—than business or government sectors (Figures 8 and 9).



Source: The Nonprofit Almanac 2012

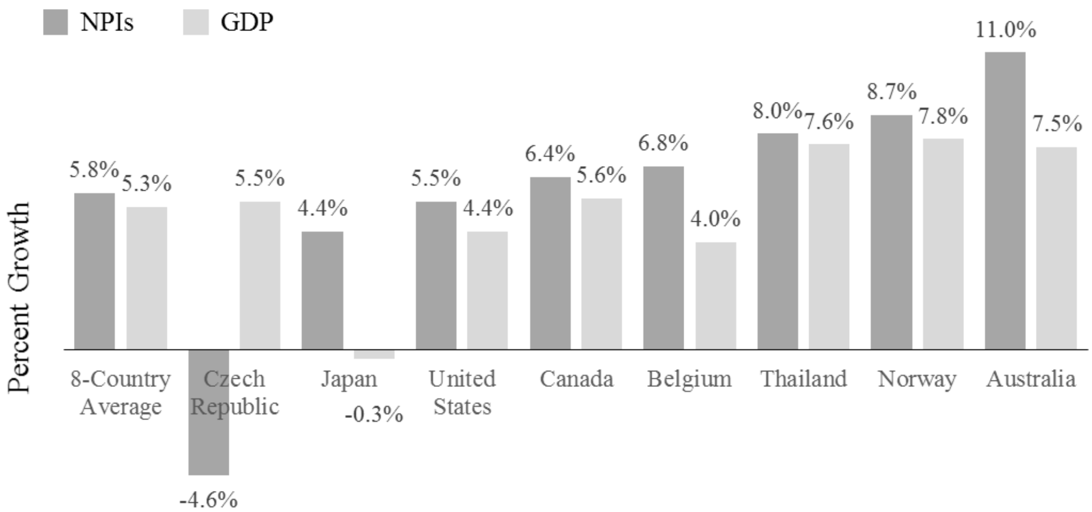
Figure 8: Percent Change in Employment from 2000 to 2010



Source: The Nonprofit Almanac 2012

Figure 9: Percent Change in Wages from 2000 to 2010
after adjusting for inflation

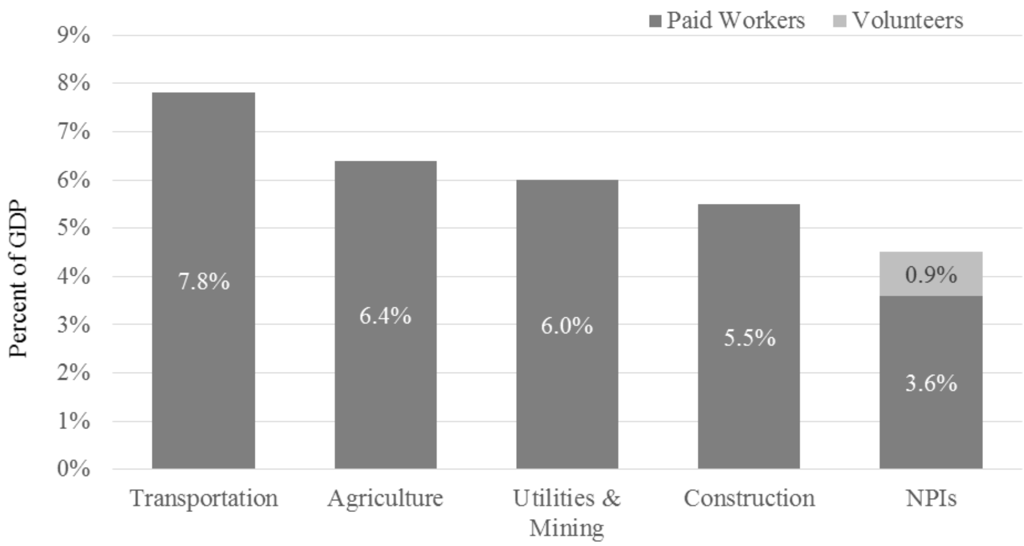
Even in industrialized countries with well-developed social security systems, markets and governments fail, thus providing a niche for the activities of nongovernmental, not-for-profit organizations (Hansmann, 1980; Weisbrod, 1988). A study compiled by Salamon et al. at the Center for Civil Society Studies at Johns Hopkins University (2013) implemented from the United Nations research indicates a greater annual growth of nonprofit institutions (NPIs) compared to the GDP of the 8 countries studied (Figure 10).



Source: The State of Global Civil Society and Volunteering, March 2013

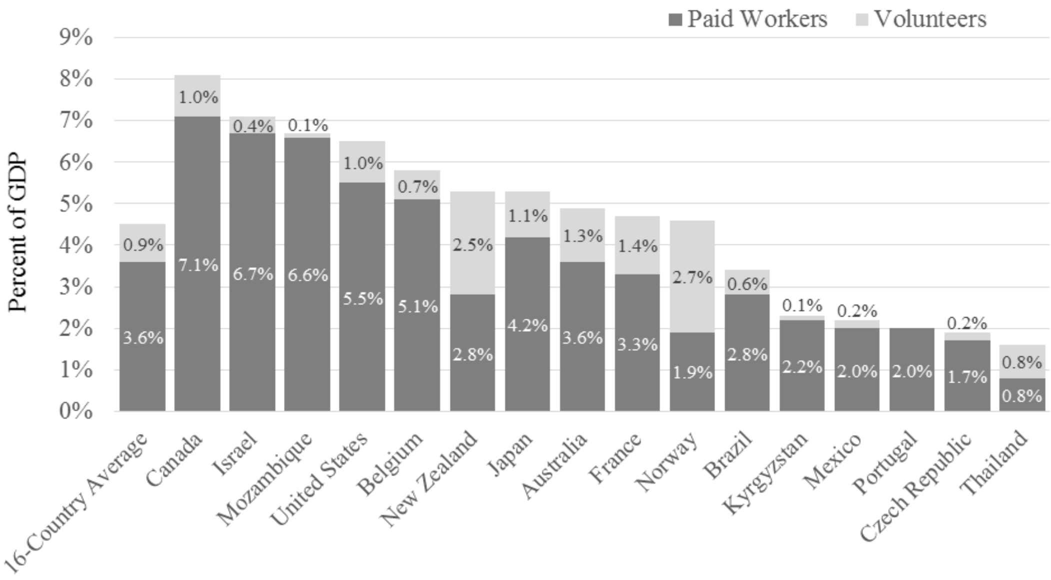
Figure 10: Average Annual Growth, NPIs vs GDP, by Country

The same study also shows that in the 15 countries taken as samples, the average NPIs contribution to the GDP amounts to 4.5% (Figure 11). In Canada, nonprofits contribute up to 8.1% of the nation's GDP and in 10 countries out of the 16 countries, nonprofits' contribution to the GDP is higher than 4% (Figure 12). The increasing visibility of the nonprofit sector, not only in numbers but also in social impacts, makes them vital in social as well as global economies.



Source: The State of Global Civil Society and Volunteering, March 2013

Figure 11: NPI Contribution to GDP, Including Volunteers, 15-Country Averages



Source: The State of Global Civil Society and Volunteering, March 2013

Figure 12: NPI Contribution to GDP, Including Volunteers, by Country

The academia of nonprofit organizations is permeated with studies of management techniques of for-profit organizations and how they can be applied to the nonprofit sector. Many of the articles in the media such as The NonProfit Times and the Chronicle of Philanthropy are dedicated to how nonprofit organizations can implement the best practices of for-profit organizations. However, the growth of the nonprofit sector in the recent years tells us that many of the organizations are showing extraordinary results in managing their organization and safeguarding their assets. Many of them have gone global and are successfully expanding their activities. Their success may be attributed to implementing management practices of for-profit organizations yet it is also true that a significant number of nonprofit organizations have existed longer than multi-billion dollar companies of today and have had as much influence or even more in the society and in the hearts of people. Organizations such as the Boy Scouts and Save the Children, to name a couple, have existed for over 100 years and they have a longstanding credibility with the society.

Nonprofit organizations differ in nature from their for-profit counterparts for they seek no profit. Unlike for-profit organizations that rest on the fundamental assumption that they will continue to operate indefinitely or at least remain in business for the foreseeable future, the nonprofits, especially those whose mission is humanitarian such as ending world poverty, putting a stop to nuclear testing, and/or protecting human rights, ultimately work for their extinction. Eglantyne Jebb, the founder of Save the Children, one of the world's largest organizations for child protection, said in her speech that "if we accept our premise, that the Save the Children Fund must work for its own extinction, it must seek to abolish, the poverty which makes children suffer…" (Courtney, 2002). This is the source of the fundamental sense of urgency implanted in the hearts of those who work for nonprofit organizations, to accomplish their missions as quickly as possible before they see more casualties. This is what creates a strong commitment on the part of the staff and the volunteers.

However, it is also true that the end of their mission is all too often invisible. For this reason, keeping in mind not only the short but also the long term sustainability of the organization does become a critical factor in their management strategy and those nonprofit organizations that are around for many years are most likely doing the "right thing" in terms of management and resourcing human capital, hence making them a valid subject to learn something from and makes it worthwhile to study how mission and values are used and instilled in the membership.

Section 3. WHAT MAKES THE NONPROFITS SUCCESSFUL?

The measuring rod for the success of businesses is profit. The profit businesses make accumulates into their assets to increase the capital. The increase in the asset is reflected in the expectations of the market resulting in the augmentation of the market capital, a yardstick many of the indicators use to assess the businesses' successfulness. Their profit is created by goods and services they offer to the purchasers and the characteristic is that the goods and services they provide are easily visible to the purchasers they cater to.

On the other hand, nonprofit organizations are an institution of trust and reputation. Their success is not measured by profit or profitability. Indeed, the "nondistribution constraint," a provision of the law of nonprofits preventing such organization from distributing their net earnings to those in control of the corporations (Hansmann, 1980), eschews them from pursuing profit. Nondistribution constraint is what distinguishes the nonprofits from the for-profits.

Also, unlike the for-profits, they deal with goods and services that are not always directly visible to the purchasers. Therefore, goods and services provided by nonprofits are not easily judged by the purchasers. For example, the purchaser of a service catered to children living under the poverty line in Ethiopia is an individual who donates money for the cause but the recipient of the service itself is the hungry Ethiopian child who receives food from the nonprofit organization which battles poverty. In order for that organization to show to the purchaser that the service is being rightly provided to the recipient, an impact created in consistency with the mission becomes the measuring rod thereby augmenting reputation and trust of that organization. The impact on the society is derived from the increase in quantitative measures such as income, membership (including donors), number of outreach posts or offices and number of projects, and those factors in turn are reflected back again into impact (Figure 13).

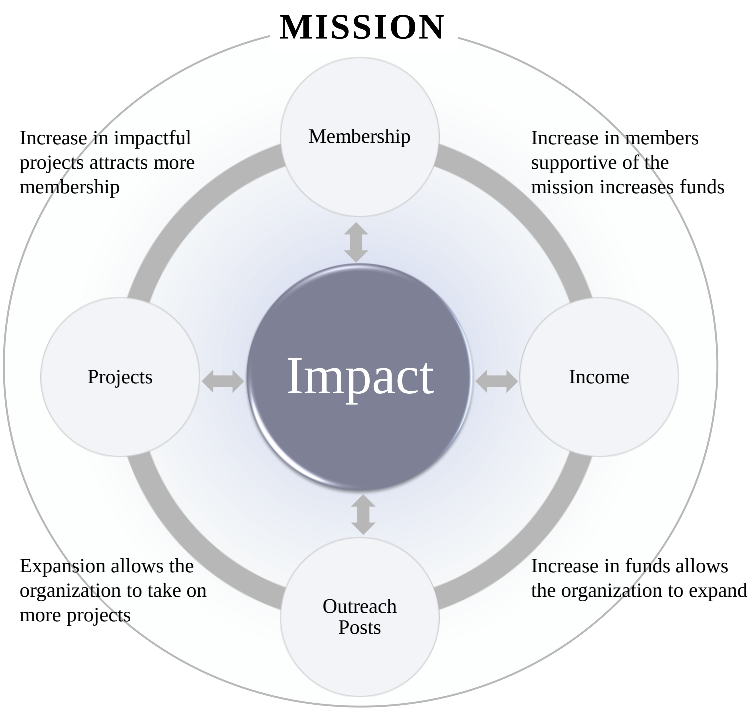


Figure 13: The Circle of Measuring Factors of a Nonprofit Organization

Therefore, it can be concluded that the higher the factors mentioned above, the higher the impact of the nonprofit organization on the society. Thus distinguishing a successful nonprofit from an unsuccessful one.

CHAPTER 3. CASE STUDIES OF THREE NONPROFIT ORGANIZATIONS

The three organizations chosen as the subject of analysis, namely the World Organization of the Scout Movement (WOSM), Greenpeace and Tearfund, are all unique in their own ways. For the purpose of this research, they were selected to meet the following criteria:

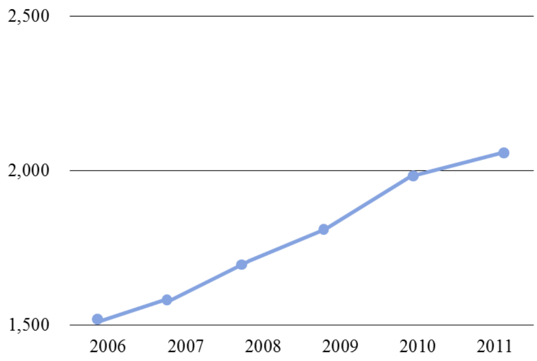
1) a global organization with a presence/operation in at least 2 continents;
2) a government registered nonprofit organization that is professionally managed and financially accountable;
3) its organizational structures are different from each other - centralized, decentralized and in transition;
4) a holder of a fixed and unalterable mission and values in which their operations are driven by;
5) it has a worldly recognition with faithful supporters around the world;
6) the social issues each deals with are distinctive.

Section 1. THE WORLD ORGANIZATION OF THE SCOUT MOVEMENT – REWARDING INDIVIDUALS THROUGH EFFECTIVE PROGRAMS

The Scout Movement is a grassroots educational youth movement and is a confederation of 161 National Scout Organizations in a network of over 40 million members in more than 1 million local community Scout Groups (scout.org, 2014). It provides systematic educational activities to nurture youngsters from age 6 to 25 to “be prepared” for the future as responsible citizens. Each age group is ranked with specific programs catered to fit their capabilities and provides incentives through progress badges and skill awards. Through peer-to-peer leadership, supported by adults, each local Scout Group embraces the same set of values illustrated in the “Scout Promise and Law.” Some 7 million are trained as adult volunteers who support the local activities, resulting in a huge multiplier effect (scout.org, 2014).

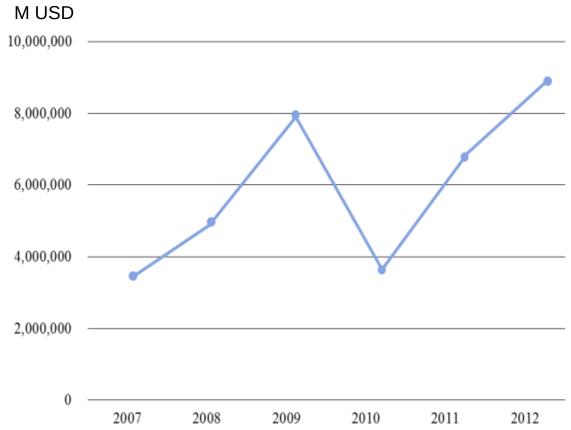
The World Organization of the Scout Movement is the serving arm of the global Scout Movement and is an independent, worldwide, nonprofit and non-partisan organization. Its purpose is to promote unity and the understanding of Scouting's purpose and principles, while facilitating its expansion and development. The organs of the World Organization are the World Scout Conference, the World Scout Committee and the World Scout Bureau (scout.org, 2014). The legal identity of the World Organization is given by the registration in the country of domicile of the World Scout Bureau Inc. which is now in Geneva, Switzerland. Each national office is registered with the local government and are subject to its local charity law as well as its tax law. However, for the purpose of the study, they will be treated as one nonprofit organization.

The 2012 statistics of WOSM show the number of member countries as 162 where over 36 million scouts are actively involved. Today the Scout Movement boasts its membership of more than 40 million scouts in over 200 countries and territories (scout.org, 2014). The movement is supported by funds collected from each scout units worldwide as well as the funds collected by the World Scout Foundation which is an affiliate organization that raises funds through high-profile events and permanently investing capital donations from individuals, foundations, corporations, governments, and from members of the Scout Movement. The Foundation’s Honorary Chairman is King Carl XVI Gustaf of Sweden who is an active participant of the activities of the Foundation. Moreover, the list of members and contributors includes such renowned people as Prince Albert II of Monaco, Princess Benedikte of Denmark, King Abdullah of Saudi Arabia, the former Prime Minister of Japan Yasuhiro Nakasone, Kazuo Inamori, the founder of Kyosera Corporation, American diplomat Henry Kissinger to name a few. The membership today counts 2,078 (as at December 31, 2012) and 34 of whom are supporters who have pledged USD 1 million or more. Because the World Scout Foundation’s sole mission is to raise funds for the global Scouting Movement, the increase in number of membership of the World Scout Foundation (Figure 14) and the annual funds raised (Figure 15) are an indicator of the credibility the Scouting Movement has won over the years for its diligence in carrying out its mission to make a positive impact on the society.



Source: WSF Annual Report 2011

Figure 14: Membership in the Baden-Powell Fellowship



Source: WSF Annual Report 2012

Figure 15: Funds Raised

3.1.1. Historical Background

The story of the Scout Movement starts with a simple but good-humored British man who liked acting, games and life in the outdoors, Robert Stephenson Smyth Baden-Powell, a son of an Oxford University professor. After his unsuccessful try in entering Oxford, he joined the British army where his experience later leads to the founding of the Scout Movement.

In 1876, he went to India as a young army officer and specialized in scouting, map-making and reconnaissance. His success soon led to his training other soldiers. Baden-Powell's methods were unorthodox for those days; small units or patrols working together under one leader, with special recognition for those who did well. For proficiency, Baden-Powell awarded his trainees badges resembling the traditional design of the north compass point.

In 1899, stretching his talents and astuteness to the full, Colonel Baden-Powell saved the South African village of Mafeking, after 217 days under siege by the Boers. He had only 1,000 men against 6,000. One of his side’s strength which made all the difference were the youngsters trained as sentinels and runners. On his return, the English acclaimed him as a hero and the Queen made him a General (The Hero, WOSM).

After coming back to England in 1903, Baden-Powell was engaged in meetings and rallies to speak about his experiences in scouting when the founder of Boys’ Brigade encouraged him to develop a scheme for training boys to become good citizens. In 1907, he organizes a nine-day experimental camp at Brownsea Island, England to try out his training and scouting methods on 22 boys. This is considered the starting point of the Scout Movement (scout.org, 2014).

Packing his ideas and experiences into one book, Baden-Powell published “Scouting for Boys” in 1908 which became a bible to the world scouting movement and also a million-seller of the time. By the following year, the book was translated into 5 languages and quickly produced a Boy Scout movement to attract more than 11,000 scouts to the rally in London held the same year. Baden-Powell’s visits to Chile, Canada and the United States caused the movement to spread outside of England. During World War I, the trained scouts contributed to the war efforts by taking over while male adults were absent. The reputation of the Scout Movement surged among the society.

During the first World Scout Jamboree that took place in London in 1920 with 8,000 participants, the first World Scout Conference was held with 33 National Scout Organizations represented. The Boy Scouts International Bureau, later to become the World Scout Bureau, was founded in London in 1920. The first World Scout Committee was elected in 1922, and by then, the membership had grown to over 1 million (scout.org, 2014). Even during World War II and up to this day, Scouting is growing, through its unique educational methods, inspiring boys and girls to become active citizens to create a better world.

3.1.2. Its Mission and Values

As discussed previously, a mission statement of a nonprofit organization answers two questions: what do we do and who do we serve? The Scout Movement’s mission statement persuasively answers the two questions.

> The Mission of Scouting is to contribute to the education of young people, through a value system based on the Scout Promise and Law, to help build a better world where people are self-fulfilled as individuals and play a constructive role in society.

“Who do we serve?” is answered in the words “young people.” “What do we do?” is educate the young people as self-fulfilled individuals who play a constructive role in the society to build a better world. In doing so, they have developed the “Scout Promise and Law” which is a set of values and guidelines of conducts scouts abide by and all new members pledge to to follow the principles of the scouting initially expressed by the founder. The Scout Promise begins with the words “On my honor I promise that I will do my best to do my duty to God and the King (or to God and my Country); To help other people at all times; To obey the Scout Law” (scout.org, 2014). The Scout Law then lists attributes such as loyalty, duty to help others, courteousness, friendliness, obedience to elders, and so forth (see Appendix 1 for the entire text).

3.1.3. Characteristics of the World Organization of the Scout Movement

The Scout Movement strives to develop skills and talents of young people from ages 6 to 25 through specially designed programs for each age group to make them into responsible citizens who proactively serve their communities. Although there are minor differences depending on country, the scouts are divided into units according to their age. For example in Japan, there are 5 scout units, namely Beaver, Cub, Scout, Venture and Rover. Each age-specific units are divided into groups of 6 to 8 to form what is called the “patrol,” the basic organizational structure in Scouting. Each patrol operates as a team with one member acting as team leader. A team leader can name one of the members of the patrol as a sub-leader to support and share in his/her responsibilities. The leader and sub-leader are given a visible indication in the form of a badge with green bars – one green bar for a sub-leader and two green bars for a leader. Within each team and in ways appropriate to their capacities, the Scouts organize their life as a group, sharing responsibilities, and decide upon, organize, carry out and evaluate their activities (scout.org, 2014). In other words, implementing PDCA (plan, do, check and act) in all their activities. This is done with the support of adult volunteers who most often were scouts themselves as youth.

The Scout Movement employs advancement mechanism to help the scouts to develop skills and confidence, to challenge his/her thinking processes and to prepare him/her for new adventures. Each scout units have a set of progressive programs that consists of unique activities to instruct the youngsters to learn various skills and disciplines. As a scout completes each requirement, he/she is given a progress badge or a skill award (Figure 16).

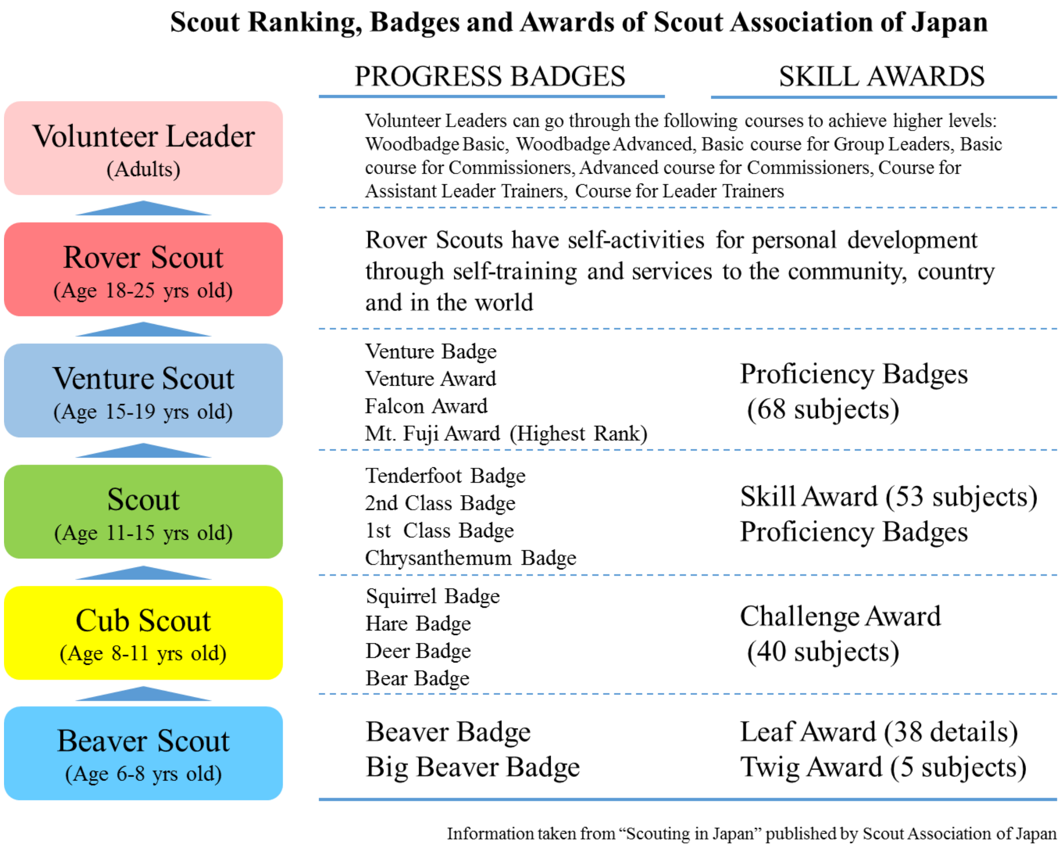


Figure 16: Scout Ranking, Badges and Awards of Scout Association of Japan

There are 53 Skill Awards (or target and master badges) for Scout level members (11 – 15 year-olds) introduced in the Scout Handbook, the guiding manual for the Scouts. The awards are divided into categories consistent with the mission of building self-fulfilled individuals who play a constructive role in society. One category is "Scout Spirit" which consists of badges such as:

- **Membership** - for meeting patrol team goals, responsibilities, fellowship with other patrol teams, knowing the Boy Scout history, etc.;
- **Family** - doing household chores, cooking, knowing the family background, talking about one's future to parents, etc.;
- **Local community** - knowing about the community, participating in community activities, discussing improvement plans, etc.;

- **Global citizen -** able to explain the roles and goals of the United Nations, studying and visiting NGOs, discussing a global problem and take actions to solve it, etc.;
- **Leadership -** showing how to be a role model to others, volunteering in school activities as leaders, knowing the personalities of team members and their school/lesson schedule, etc.

Other categories are “Personal Development,” “Scout Craft/ Hiking,” “Scout Craft/ Trace Skill,” “Scout Craft/ Camping,” “Scout Craft/ Adventure,” and “Service to Others.” Each step required for approval of the awards is cleverly catered to the target age group and helps to develop character, to train in the responsibilities of participating citizenship, and to develop physical and mental fitness (scouting.org, 2014). And the visible recognition in the form of a badge assists the members to realize their strengths and weaknesses, stretch their abilities and give them courage to survive in this challenge-filled society.

Recognition is an essential aspect of the Scout’s badge system. One can build confidence and self-assurance after conquering overwhelming challenges but meaningful and appropriate recognition from others will reinforce him/her to maintain psychological stability which further encourages to continuously aspire to reach a higher level. Not only knowing what he/she can do but for others to acknowledge what he/she can do specifies what can be expected of that individual as well as gives him/her the opportunity to tackle new challenges without redundancy. The badge system also gives the members a sense of accomplishment, gratification and self-efficacy.

Section 2. GREENPEACE – DELEGATION AND INDEPENDENCE

Greenpeace is one of the most worldly-renowned independent environmental organizations and a faithful custodian of the planet dreaded by many governments and companies. Since their inception, their impact, which they call “victories,” at the global scale is enormous from their first success in 1972 in stopping the United States’ government from testing nuclear weapons at Amchitka Island, off the coast of Alaska, to making the LEGO group abandon half a century link with the giant oil company Shell in October 2014 because of its plan to drill for oil in the Arctic. The names on the list of victories showing how Greenpeace was able to change the corporate policies include famous companies such as McDonald’s, Coca-Cola, Unilever, Esso, Apple, Hewlett Packard, H&M, Zara, UNIQLO, Nike, Kao and the list continues (Greenpeace.org, 2014). Greenpeace purposely keeps itself free of government and corporate associations to maintain its neutral status.

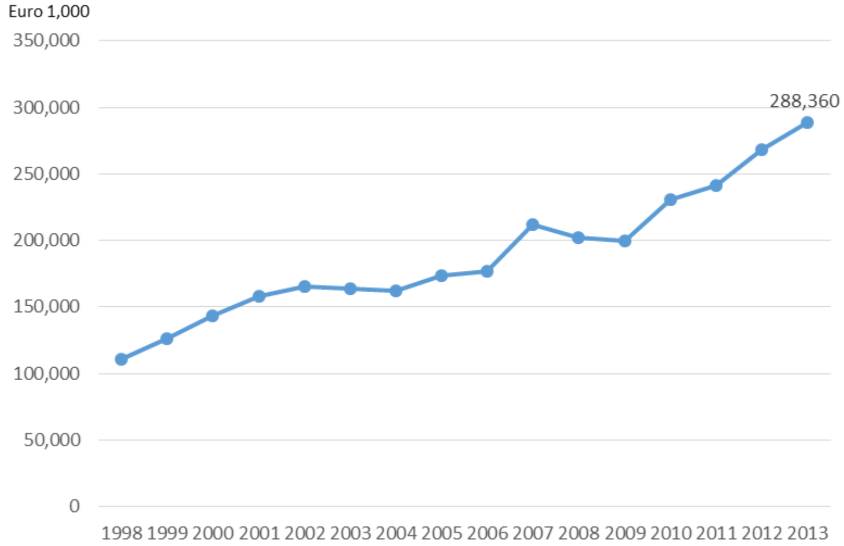
Greenpeace is a centralized global organization with its headquarters in Amsterdam and currently has 28 national and regional offices around the world, providing a presence in over 40 countries. The headquarters, Greenpeace International (registered in the Netherlands as Stichting Greenpeace Council), is the developer and coordinator of the global strategies and they maintain contacts with donors and supporters in countries where national offices are not yet established. They also operate the three Greenpeace ships, namely the Rainbow Warrior (sailing vessel), the Arctic Sunrise (ice breaker) and the Esperanza (expedition/supply vessel).

The Greenpeace International has its own Board of Directors currently consisting of 7 members from Brazil, the US, the Philippines, Switzerland, Germany, Senegal and Swaziland (Greenpeace.org, 2014) who are responsible for approving the budget and audit accounts, constructing long-term strategies, making changes to governance and structures, and have the authority to appoint the International Executive Director, currently a South African (the first African to head the organization). Having representatives from around the world on the board assures voices from each continent to be heard. However, to retain its democratic nature and internationalism, there are several bodies namely the Annual General Meeting, Global Leadership Meeting, and the Executive Directors meeting where representatives from each national and regional offices come together to discuss such issues as budget ceiling, campaign plans and resource allocations (Articles of Association, 2014).

While the national and regional offices around the world can independently carry out global campaign strategies within the boundaries of its nation and raise the necessary financial support from donors to fund their local programs, the “Rules of Procedures” formulated and approved by the Annual General Meeting 2014 indicates that Greenpeace is a highly centralized organization. The authority to appoint the national or regional director rests with the respective national or regional boards but the International Executive Director holds the right to approve or to dismiss the local board's decision. A three-year strategic plan and organizational development plan which include a minimum expectation of anticipated income, a budget, information on staff levels and development directions must also be approved by the International Executive Director. Moreover, they are expected to contribute a significant portion of their funds to the International office for global programs which after the resource allocation process at the executive meetings are distributed back to support various campaigns planned by the national and regional offices.

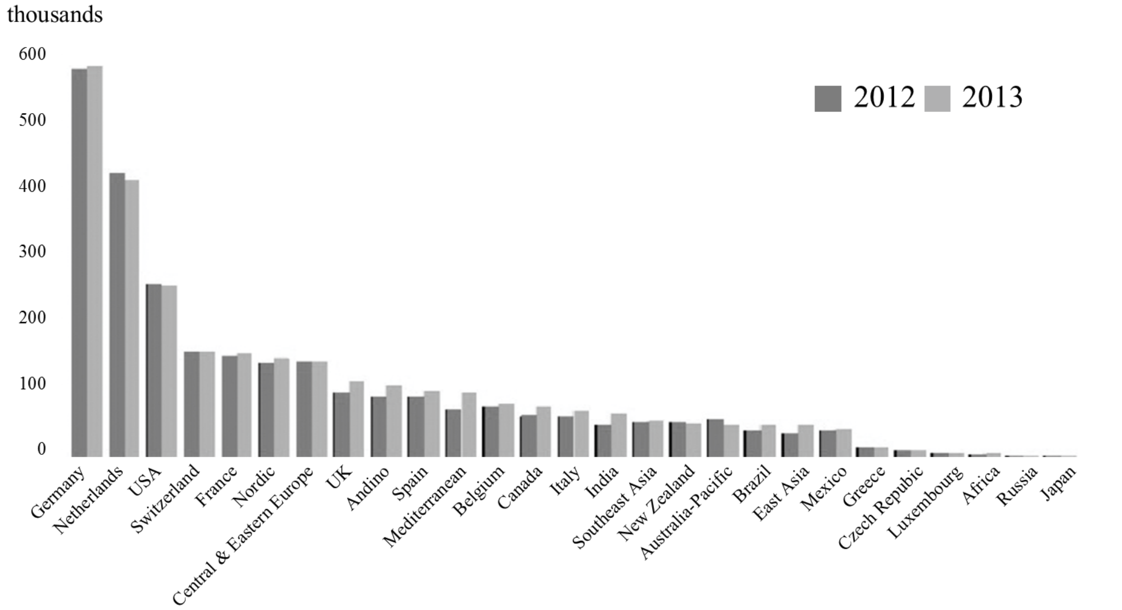
It is also organized through a strong hierarchy, whereby professional activists do the campaigning and ordinary members raise funds (Eden, 2004). A top-down management centered at the headquarters characterizes its operation. The Greenpeace's mass membership of ordinary individuals which counts over 2.8 million worldwide is a rather passive group, involved mainly by raising funds for the organization and helping with minor works around the office like cleaning and sorting mails (at an interview with Mr. Junichi Sato, October 31, 2014). The activists that make up the office staff are highly professionalized in the areas of their campaign involvement and the hiring of professionals maintain the hierarchy. For example, the head of the climate and energy unit of Greenpeace Germany is a skilled radiation advisor monitoring radiation levels both at Chernobyl and Fukushima. The headquarters are equipped with some 250 professional staff who are able to support and advise the national and regional offices on developing strategies, conducting effective fundraising, marketing, IT, legal issues and so on. They also have a team of journalists and photographers and their distinctive and successful use of media is an established fact.

Over its 40-year history, by faithfully fulfilling its mission through daring campaigns advocacy, public education and lobbying to raise environmental awareness in the world, Greenpeace has won international reputation which can be seen in the following charts showing the increase in the total income of the International, national and regional offices and the comparison of years 2012 and 2013 on the number of financial supporters contributing to the environmental causes of Greenpeace (Figures 17 and 18).



Source: Greenpeace Annual Reports 1998 to 2013

Figure 17: Greenpeace "Worldwide" Total Income



Source: Greenpeace Annual Report 2013

Figure 18: Number of Financial Supporters (Individuals)
(For each Greenpeace National and/or Regional Office in 2013 compared to 2012)

3.2.1. Historical Background

The legendary sailing of 12 brave Canadians to Amchitka Island, Alaska to stop the US government from conducting nuclear weapons tests marks the beginning of the global environmental conservation group's journey to protect the most important heritage of humankind, the Earth. It actually originates as an anti-nuclear splinter group of the Sierra Club of Canada (also an environmental organization) in 1969 who called themselves the "Don't Make the Wave Committee," which later renames itself to Greenpeace, a flashing idea given by an ecologist friend of the founders (greenpeace.org, 2014).

Although the idea and determination were evident in the founders, they had no boat to sail nor did they have any money to buy one. To raise funds, they put up a rock concert at Vancouver's Pacific Coliseum inviting famous singers as James Taylor and Joni Mitchell. The concert successfully attracted 16,000 people and in a few months, they were able to raise $23,000. The fund was used to buy a boat with the skipper but was not able to reach the testing site by the time of detonation (Erwood, 2011). However, their non-violent action of using bodily intervention raised massive public awareness and media interest as well as strong public support toward campaigns against nuclear testing and the danger of radiation contamination which set the tone for subsequent campaigns.

Until 1973, Greenpeace's activities mainly involved anti-nuclear campaigns. However they diversified to anti-whaling campaigns using a similar tactic of using boats to confront whaling ships. With the rise in environmental interest among the public, they multiplied their activities to include protecting seal pups to saving the Arctic to campaigning against deforestation, use of toxic materials on paper and clothes, etc.

The Greenpeace history is not all sprinkled with glittering events. In July 1985, one of the most devastating incidents in Greenpeace's history took place. The Rainbow Warrior was sank by bombs set by the French secret agents prior to the nuclear testing and tragically killed a photographer who was on board the ship to record the protest. The French government after denying the alleged operation, later accepted the charges with the Prime Minister admitting the involvement via national

TV. Soon those directly involved were tried and convicted. In 1987, an international court directed the French government to pay Greenpeace US$8.16 million in damages and costs (Eden, 2004). The incident, though disastrous for both parties involved, generated huge publicity and sympathy for Greenpeace, surging the number of membership to more than a million.

The increase in visibility of the Greenpeace activities caused small groups around the world to spring up, now counting 28 national and regional offices. Greenpeace initially had established itself an office in Vancouver, Canada, but later moved its headquarters to Amsterdam where it is legally registered as a nonprofit foundation with the Dutch Chamber of Commerce since 1989 (Greenpeace.org, 2014; Eden, 2004). The headquarters, Greenpeace International, apart from the functions mentioned previously, licenses the national Greenpeace offices to use its name and monitors them to abide by the rules and regulations of the organization.

3.2.2. Its Mission and Values

The Greenpeace mission statement seen on the official website of Greenpeace International is phrased as follows:

> Greenpeace is an independent campaigning organization, which uses non-violent, creative confrontation to expose global environmental problems, and to force the solutions which are essential to a green and peaceful future.
>
> Greenpeace's goal is to ensure the ability of the earth to nurture life in all its diversity.

Both activists and volunteers are attracted to this mission as they join and act in concert with the ideology set in the mission statement.

Being “independent” from any government authorities and commercial entities, both financially and politically, is important to them to give them the authority needed to “effectively tackle power, and make real change happen” (Greenpeace.org, 2014). The responsibility toward personal actions, and commitment to nonviolence are “principles inspired by the Quaker concept of 'bearing witness', which is about taking action based on conscience – personal action based on personal responsibility. They are accountable for their actions, and everyone on a Greenpeace action is trained in nonviolent direct action” (Greenpeace.org, 2014).

3.2.3. Characteristics of Greenpeace

Greenpeace has created a culture of rewarding those whose behavioral patterns are in consistency with the organization’s mission. Junichi Sato, the national director of Greenpeace Japan, in an interview conducted by the author on October 31, 2014 strongly emphasized that “Greenpeace never abandons its members who act in accordance with the Greenpeace mission.” Sato, before being appointed national director has an arrest record dating back to 2008, when along with his colleague, Toru Suzuki, intercepted a box containing 23.1 kg of whale meat valued at ¥58,905 to prove the embezzlement by the whale ship crew of whale meat that was supposed to be sold through the government agencies in order to refund tax subsidies (Whaling on Trial, 2011).

Greenpeace celebrated Sato and Suzuki’s heroic act by publishing a 64-page journal in 2011 entitled “Whaling on Trial – Japan’s whale meat scandal and the trial of the Tokyo Two” entirely dedicated to them and the evolvement of their arrest and trial. Moreover, Sato was appointed national director of Greenpeace Japan in December 2010 “because of this incident,” he said. Sato, had been a dedicated activist since 2001 and had worked on the Toxics Campaign. He was also the force behind bringing the 'ZeroWaste' policy introduced in countries such as Australia, New Zealand and UK, to Japan. He led the Oceans team on issues such as overfishing, illegal fishing, the Okinawa dugong and whaling. Even without the whale incident, Sato’s long-time involvement in the field and his achievements would have promoted him to the position he holds currently. However, recognizing that many organization do not hire individuals with criminal records, it is interesting to note that Greenpeace, granted the action is in line with its mission statement, promotes such acts rather than demoting them. By doing so, a public statement is made to the entire staff worldwide and to the society that such an act of heroism is to be rewarded which further encourages the members to show behavioral patterns in consistency with the mission.

However, as Sato recognizes, such reward for heroism is accompanied by a responsibility. A responsibility of the individual members to fulfill the mission by taking necessary actions at each moment, especially at contingency situations. Many of the Greenpeace activities involve confronting destructive and sometimes life threatening activities. Knowing the mission of Greenpeace and staying true to it give them guidance to act immediately and independently when confronted with such situations. The mission gives them speed and this is seen in the fact that in many contingencies, the members are there even before the government or commercial companies reach the site after clearing many foot-dragging red tapes. Therefore Greenpeace gives the activists the freedom to act within its mission's boundaries, trusting the professionalism of each individual. It is interesting to note that Sato admitted that he was not informed of what his subordinates were going to say at the press conference on the research at Fukushima nuclear power plants held at the Foreign Correspondent's Club of Japan on the same day the author interviewed him, and that often he did not keep track of his subordinates' whereabouts and what they were doing but only received reports afterwards.

The necessary constant trainings conducted by professionals in the respective fields from the headquarters as well as from the national and regional offices are not to be undermined. They are held on regular basis, says Sato, nationally and internationally, to empower the activists and to equip them with knowledge and skills to act independently as catalysts as they face growing challenges.

The historical journey of Greenpeace is an ostinato of clashes and heroic acts. The changes in the arena on which they operate and the increase in global environmental issues they are confronted with have forced the organization to continuously adjust to meet the requirements of the time in order to carry out their mission of peacefully making the world "green." Flexibility is another characteristic demonstrated by Greenpeace.

It was previously mentioned that Greenpeace was a centralized hierarchical organization with much of the power given to the International Executive Director based at the headquarters in Amsterdam. However, they are actually going through a transition from the current organization structure to a more decentralized organization structure to make themselves a more responsive network of professionals to be able to systematically address environmental issues of today and to act more quickly in this continuously changing world.

The Greenpeace Annual Report 2013 mentions the dynamic change in the organization's structure and the way they operate. They are streamlining its headquarters and positioning activists who previously worked in Amsterdam to national and regional offices (Greenpeace Japan also accepted a staff from Greenpeace International to their office). The new system, it says, "puts more power in the hands of local offices and activists…to lead more dynamic and innovative campaigns in the places where [they] need the biggest results."

> Part of what has made Greenpeace successful over the past four decades is that it constantly evolves to the changing world – adapting itself to tackle threats to both the environment and peace. Once again we are making major changes. (Annual Report, 2013)

The acceleration of technological development allows globally operating organizations to have far more global collaborations and interactions at the comfort of where they are stationed. A quick decision making at the point of impact helps them to achieve more tasks. Distribution of knowledge and skills to local offices make them more nimble as well as nurture innovation and creativity.

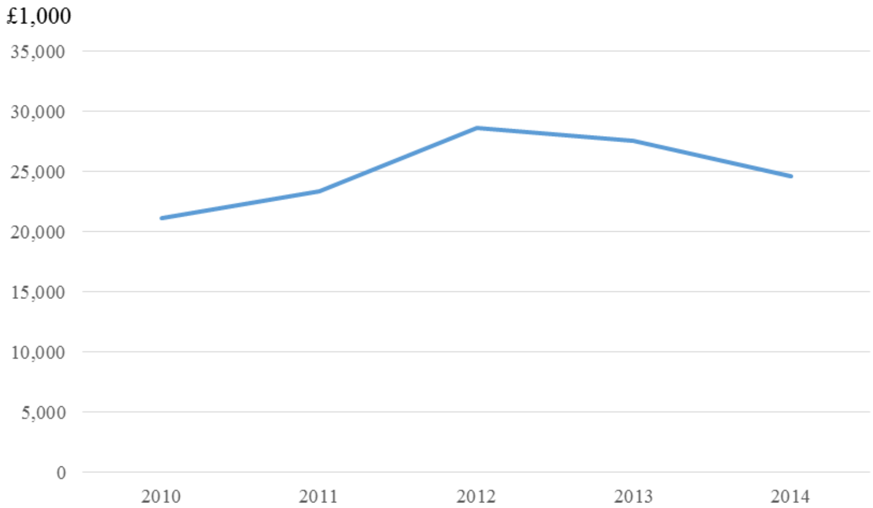
Section 3. TEARFUND – BUILDING MISSION MINDS

Tearfund, which is an acronym for "The Evangelical Alliance Relief Fund," is a Christian relief and development agency that ranks among the top ten emergency relief agencies in the UK. Tearfund is registered under the UK charity law and it works through a global network of local churches to help eradicate poverty. They resource, train, inspire and advocate for churches in their work to release people from material and spiritual poverty through responding to disasters, developing communities, envisioning churches, and changing unjust policies to deliver justice for poor communities (tearfund.org, 2013). The Evangelical Alliance is an interdenominational global network of evangelical Christian churches founded in England in 1846. Tearfund is financially independent from the Evangelical Alliance but its historical connection to it allows Tearfund to partner and work with the Evangelical Alliance affiliated churches around the world to carry out its mission of alleviating poverty at a global scale.

Tearfund, being a worldwide relief organization, currently has offices in 35 countries. It divides the world in 6 regions, namely Asia, West Africa, East and Central Africa, Southern Africa, Latin America and the Caribbean and the UK and operates in close to 50 countries (tearfund.org, 2013). Tearfund is a centralized organization where the UK headquarters coordinates, supports, directs and manages all activities worldwide. The headquarters, located in Teddington, UK hires 1,139 (as at March 31, 2014). Average full-time equivalent employees during fiscal 2014 numbered 425, out of which 319 of them were based in the UK and 106 worked overseas. There are also 714 staff members based overseas on local contracts (Annual Report 2013/14). Also, volunteers play an essential part in Tearfund's operation. In the fiscal year 2014, the number of volunteers who helped in the fundraising and charity events counted more than 3,200 (Annual Report 2013/14). Their commitment and contribution are indispensable to the organization.

The governance structure of Tearfund is set up in a way where the members constitute the ultimate authority to appoint the Board Directors at the Annual General Meeting. The Board of Directors currently consisting of 11 members (tearfund.org, 2013) is responsible for ultimate strategic decisions by monitoring the following areas: international activities, integral mission and advocacy; church and supporter relations; audit, risk and finance; and people and organization including remuneration and health and safety matters. The day-to-day operational decisions are delegated to the chief executive officer and the executive team of 7 full-time employees who coordinate and direct Tearfund's worldwide operations (tearfund.org, 2013). The current chief executive is a former McKinsey consultant who specialized in strategy and organizational leadership.

The activities of Tearfund is funded in part by individuals and church, and in part funded by government and funding agencies. The basic trend of its income is on the rise. However, it showed a slight decline in the fiscal years 2013 and 2014 (Figure 19).



Source: Tearfund Annual Reports 2012/13 and 2013/14

Figure 19: Tearfund Total Funds

3.3.1. Historical Background

Tearfund was founded on May 29, 1968 as a result of responses from Christians and churches affiliated to the Evangelical Alliance to 40 million people worldwide being made refugees by war or disasters. The outpouring of money from all over the UK first created a fund within the Evangelical

Alliance office to distribute the cash to evangelical agencies caring for the needs of refugees around the world. The following year, a famous singer on British pop music scene, Cliff Richard, performed two concerts to raise funds for Tearfund raising the profile of the organization not only among the Christian circle but also among the secular circles.

As income kept growing, Tearfund became a registered charity in 1973. By then “80 per cent of its aid [was] allocated to long term development projects, demonstrating Jesus’ love for the poor in tangible, sustainable and life-changing ways” (tearfund.org, 2013). From early in its operation, Tearfund funded and worked on projects overseas. Responding to the Cambodia refugee crisis, the Rwandan genocides, the earthquake in Gujarat India, the Boxing Day Tsunami in Southeast Asia, and the massive earthquake in Haiti are only a handful of projects Tearfund embarked on in partnership with churches and other relief agencies around the world, “driven by God’s love” (tearfund.org, 2013) to make a difference in the lives of those in need. “In the last five years, 15 million people’s lives have been transformed, 67,000 churches have been envisioned, six million people supported following disasters and 100 policies at local, national and international level have been changed” (tearfund.org, 2013).

3.3.2. Its Mission and Values

The mission statement and core values of Tearfund are rather expository compared to the two nonprofit organizations’ statements mentioned in the previous sections. Being founded on the Christian principles and faith (Tearfund’s statement of faith can be found on its website), the phrasing significantly carries a religious tone.

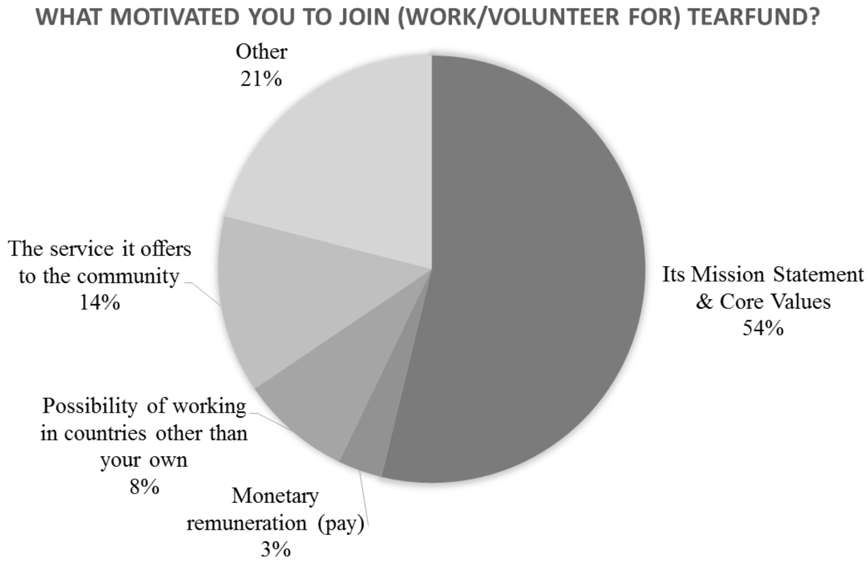
> We’re Christians passionate about ending poverty.
> We're following Jesus where need is greatest, working through local churches to unlock people's potential and helping them to discover that the answer to poverty is within themselves. When disasters strike, we respond quickly. We won't stop until poverty stops.

However, the clarity of what they do – respond quickly when disasters strike - and who they serve – the poor people – gives the staff and volunteers guidelines on how and when to act.

3.3.3. Characteristics of Tearfund

Tearfund, expertizing in eradicating poverty and disaster responses, has a working environment that requires high-level social, physical and psychological competencies, and therefore has highly skilled employees who are able to work with expertise and know-hows accumulated over many years of being active in the field and effectively dealing with different situations in terms of countries, people, partners and political agencies. They include such experts as psychologists, psychiatrists and occupational health professionals who are able to deal with traumas experienced in the field.

In countries such as Sudan, the staff operate in a guarded and confined compound. Having to work under such stressful conditions, the employees (and volunteers) need to be highly motivated and empowered to carry out the mission assigned to them. Although passion for work may be instilled gradually after being employed, worker sorting process at the time of recruiting is crucial. To show that this was effectively done, a survey was conducted by the author on the employees and volunteers of Tearfund, both UK-based and international, for over a period of two weeks where 119 responded. The first question asked was about the factor that motivated them to join (work/volunteer for) Tearfund. 54% of the respondents answered that Tearfund's mission and core values were the highest motivation factors (Figure 20).



Source: Single-answer survey conducted by the author

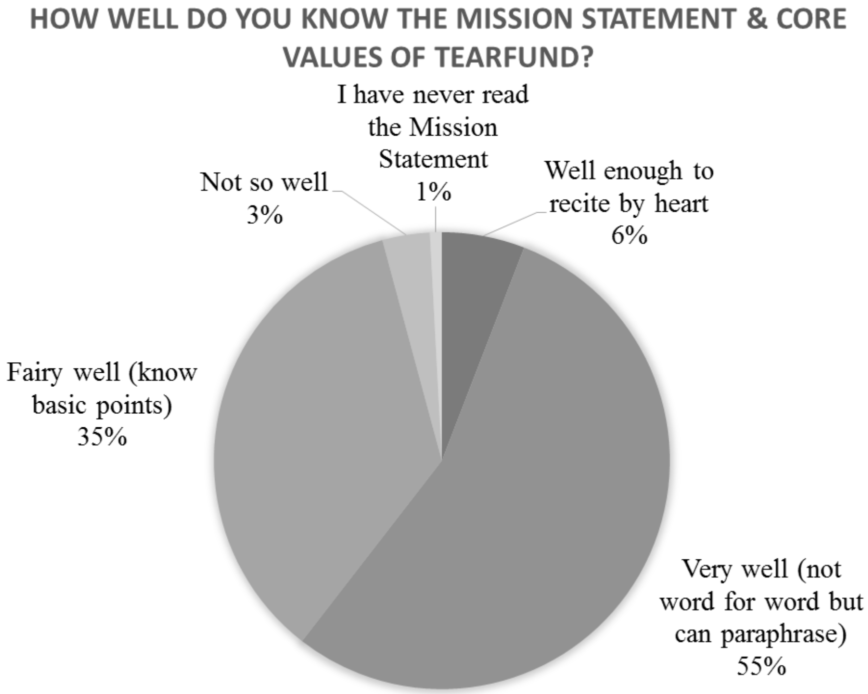
Figure 20: Survey on Motivation, Tearfund

Also, out of the 21% of those who responded "other," many had answers related to the mission and values of Tearfund, for example "wanting to serve in an organization that was serving and releasing the poor and sharing God's love," "Christian ethos," and "I wanted to be a part of something useful and meaningful, making a difference in the world." A significantly high percentage of its employees has acknowledged mission statement and core values to be the reason for them joining Tearfund. Even before they join, the candidates are the personification of Tearfund's mission and of their own belief. The result of the survey shown implies that worker sorting is effectively being done.

At the interview conducted on March 10, 2014, Mr. Patrick Goh, the Global Head of Human Resources at Tearfund, mentioned various training methods for employees and volunteers. Not only at the time of induction but continuously throughout their career at Tearfund, the employees are exposed to various trainings, both "information-giving training" and "transformational training," whereas in the former, information about Tearfund and its work, and its mission and values are transferred and absorbed, and in the latter, they learn to transform knowledge into appropriate behaviors/actions. "Leadership manifesto" is another training method where the employees learn about how Christian leaders should be and how to model values of Tearfund. All of the trainings are manualized and prepared in the form of learning kits.

Mr. Goh said that Tearfund is “very intense on communicating mission and values.” At the induction program required for all in-coming employees, they are encouraged to know the mission and values and once they know them, to explore the joint effort to demonstrate them. A small cube with Tearfund’s mission and values and the short-term goal written on the 6 faces are placed on the desk of each employee to remind them of why Tearfund exists. Tearfund also holds staff conferences on regular basis where the sense of values and sense of belonging are “co-created” and imparted into the staff through story-telling and sharing experiences of successful work on the field and positive interactions with partners and service recipients. A staff survey is carried out twice a year to evaluate “how well they did on values,” said Mr. Goh.

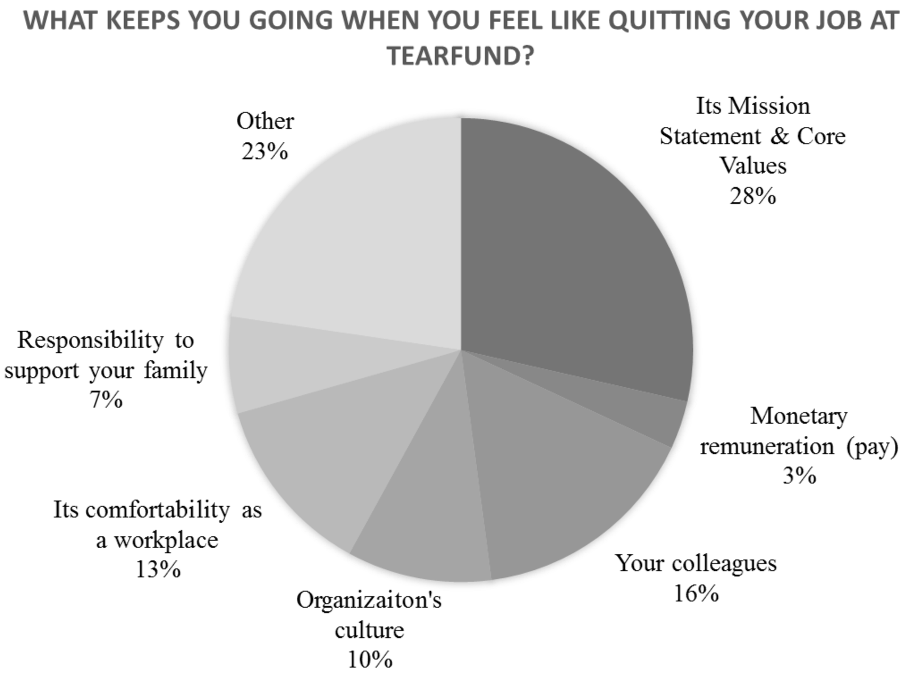
The following figures show other responses on questions asked on the survey to the Tearfund staff and volunteers (Figures 21 – 26). Here we see that an amazing 96% of the staff and volunteers know the mission statement and values of Tearfund (Figure 21). 6% of them said that they know them well enough to recite without looking, 55% of them can paraphrase and 35% of them at least know the basic points. This implies that Tearfund’s continuous reminder and trainings are effective in instilling its mission and values to their staff and volunteers.



Source: Single-answer survey conducted by the author

Figure 21: Survey on Motivation, Tearfund

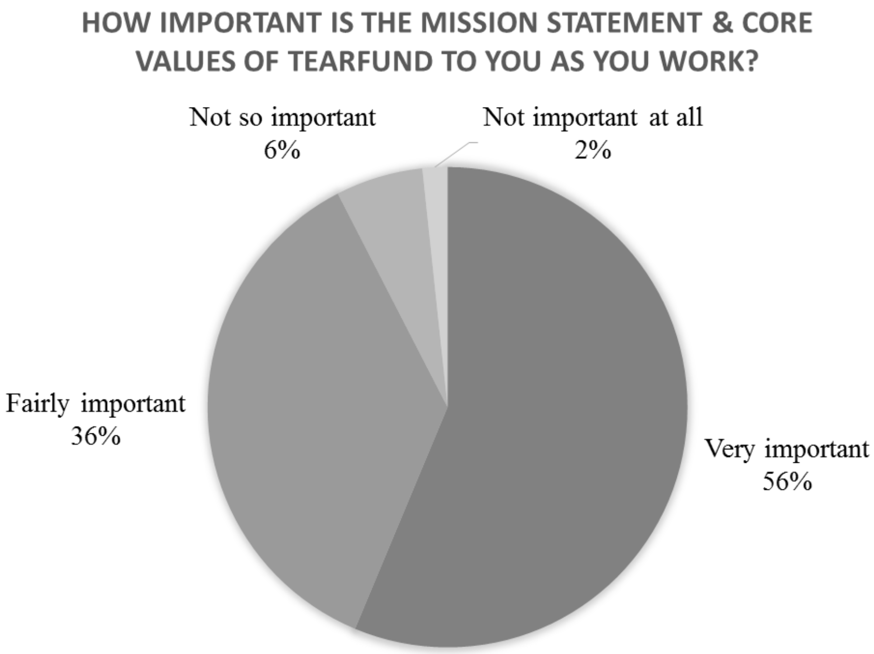
Figure 22 shows that more than a quarter of Tearfund's staff and volunteers said that it is the mission and values of Tearfund that keep them there when they are faced with difficult moments and think of quitting. It is interesting to note that pecuniary incentives play a very minor role in the decision of whether to keep their job or not - only 3% indicated that pay was an important factor in their decision to not quit. However, when asked whether Tearfund's mission and values were important as they worked, the same respondents either responded "very important" or "fairly important" (the raw data of the survey is available upon request).



Source: Single-answer survey conducted by the author

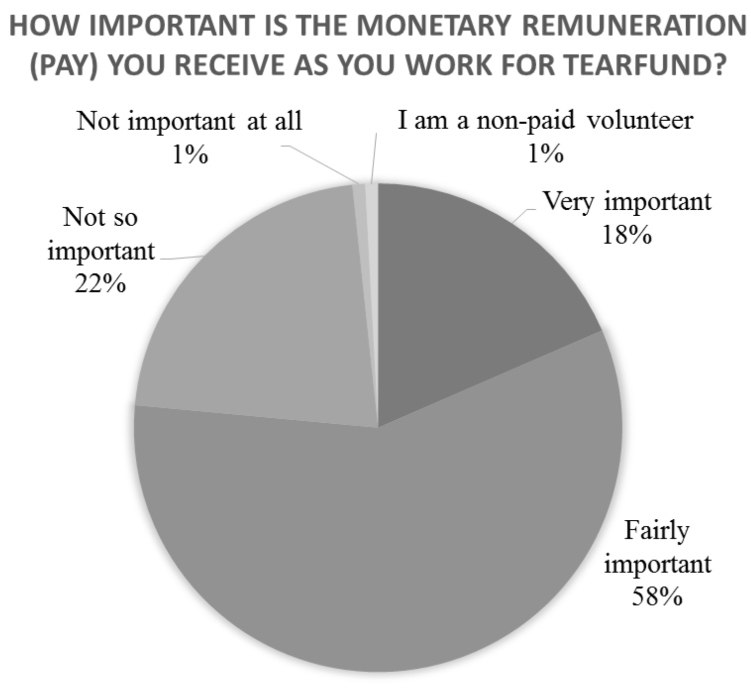
Figure 22: Survey on Motivation, Tearfund

The responses to questions regarding the importance of various factors such as the mission statement and values, monetary remuneration, global aspect of Tearfund and the service and impact Tearfund offers to the community they cater to, show that a significant number consider its mission and values (Figure 23) and its service and impact (Figure 26) very important as they work at Tearfund. The service and impact are the enactment of mission and values, the very reason why Tearfund exists and what they stand for and therefore it can be said that the result shows a high degree of resonance of mission and values within the staff and volunteers at Tearfund.



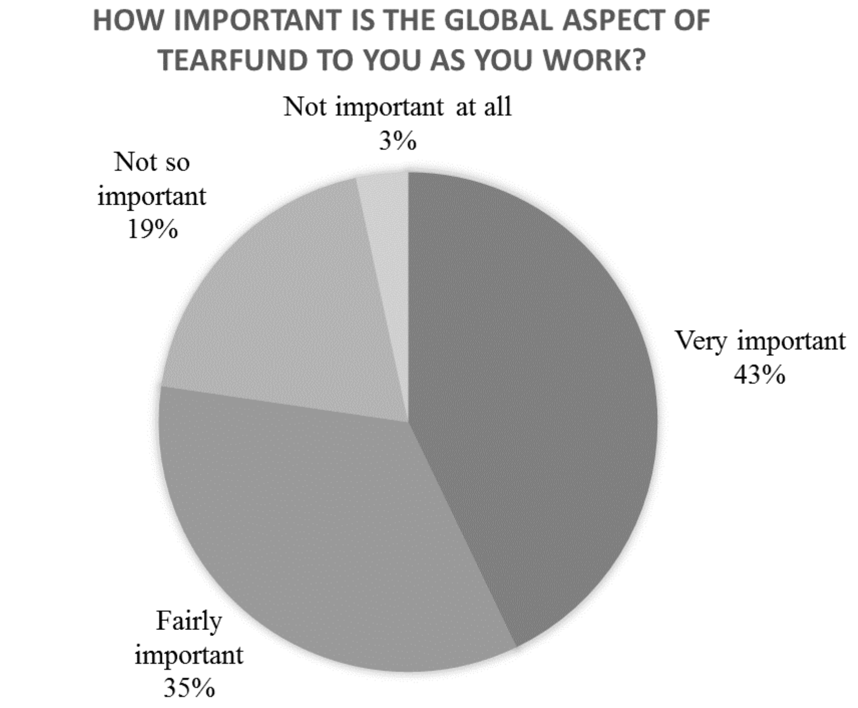
Source: Single-answer survey conducted by the author

Figure 23: Survey on Motivation, Tearfund



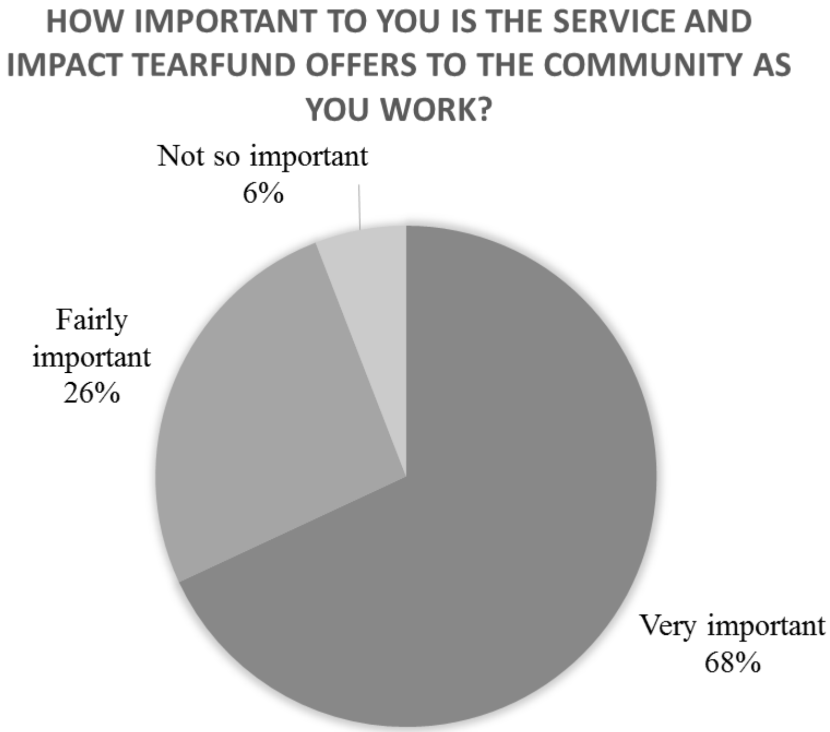
Source: Single-answer survey conducted by the author

Figure 24: Survey on Motivation, Tearfund



Source: Single-answer survey conducted by the author

Figure 25: Survey on Motivation, Tearfund



Source: Single-answer survey conducted by the author

Figure 26: Survey on Motivation, Tearfund

CHAPTER 4. IMPLICATIONS FOR COMMERCIAL BUSINESSES - COULD THE MANAGEMENT STRATEGIES OF MISSION-DRIVEN NONPROFITS BE TRANSFERRED TO PROFIT-ORIENTED ORGANIZATIONS?

Chapter 3 illustrated how the three globally-operating nonprofit organizations demonstrated high standards of organizational and human capital management strategies and mechanisms in instilling and reinforcing the mission and values to their members. Many of these strategies offer possible solutions to the challenges businesses face that were discussed in Chapter 1, namely the need for responsiveness, flexibility and speed in an organization that operate in a fast-changing world, the need to offer appropriate recognition and reward schemes to build employee motivation consistent with the organization's mission and the need for recruiting and retaining the best talents through mission-oriented trainings. Table 4 further elaborates Table 1 in Section 3 of Chapter 1 to show the nonprofits' strategies in detail.

Table 4: 3 Nonprofit Organizations' Strategies on HC Management

	Recruitment	Training	Talent Development	Evaluation	Organizational Management
WOSM			•Strategically constructed programs offered to build talents and skills	•Proper and timely awards and recognition are given to reinforce self-improvement	
GREENPEACE	•Recruiting professionals committed to its mission ensures high level performance			•Actions in line with its mission is highly valued	•Flexibly changes organizational structures to meet internal and external needs •Delegation of authority ensures speed and responsiveness
TEARFUND	•Worker Sorting – publicizing its mission attracts only those committed to the mission	•Information-giving and transformational trainings reflecting its mission & values are conducted			

In light of the findings attained from examining the WOSM, Greenpeace and Tearfund, the following implications may be drawn from their strategies to be transferred to for-profit organizations.

World Organization of the Scout Movement:

•Programs that offer non-pecuniary incentives geared toward achieving the purpose of the organization's mission, especially when related to individual's skills and talents, can initiate high motivation which leads to high productivity, maintains group solidarity, and sets the organizational behavior in order.

•Recognizing and awarding those with diligence and continued improvement efforts on skills and talents in line with its mission is effective in breaking through the inefficiency of group mentality and encouraging innovation.

•Having the same set of norms based on the organization's mission (i.e. Scout Promise and Law) gives clear standards of conducts, allowing the members to act responsively in complex and diverse situations.

Greenpeace:

•Delegation to the periphery ensures speed in task achievement – mission-driven members know exactly how to act at contingency situations.

•Forming an environment-responsive and flexible organization and evolving it according to situations help when businesses are faced with tumultuous environmental changes.

•Acknowledging actions taken in line with its mission statement encourages members to take risks for the benefit of the organization.

Tearfund:

•Raising high the banner of mission sorts out workers, attracting only those whose top priority is to fulfill its mission and who are willing to commit to its mission regardless of other factors in the contract (i.e. monetary remuneration). Worker sorting through alignment on the organization's mission and values ensures uniformity in behavioral patterns, reduces unnecessary transaction costs for recruitment and retaining in the long-run and assists in overcoming the difficulty of creating team proficiency.

•Continuous and systematic training, coupling information-giving training with transformational training, and implementation of mission and values can instill strong positive identity which leads to voluntary conduct aligned to the purpose of its mission.

This thesis, through the analyses of three nonprofit organizations successfully operating around the world, sought to identify organizational strategies and human management mechanisms strongly driven by mission and values that may be transferred to for-profit organizations in their strategic planning. The importance of reinforcing the organization's mission and values cannot be reiterated enough because organizational behavior consistent with the mission and values and the members' commitment to them could have a direct impact on the quality and effectiveness of the work and the results to the recipients of the service. Management styles in the modern era depended on computability. Non-rational factors were often quickly eliminated in the name of efficiency and profitability. However, that is changing. Esprit de corps and family-like bond is once again starting to gain importance. Creating a unified group of one-ideology-oriented people fortifies an organization.

The analyses presented in this research are only limited to the three nonprofit organizations in review and do not take into account many other globally successful nonprofits and their organizational and human capital management strategies and mechanisms. Further studies could be carried out to include such nonprofits to examine their strategies that may render practical solutions to the challenges faced by today's global commercial organizations. Also, it is regrettable that various constraints did not allow the inclusion of other strategies of the three nonprofits mentioned that could have been delved deeper into, which opens up another dimension for further studies. Likewise, the author recognizes that the issues faced by global companies addressed in this research are not at all exhaustive. The unstable and uncertain environments businesses operate in today give them ample challenges not only in the areas of human capital and organizational managements but also in the areas such as corporate, financial, marketing, digital, customer-related, IR strategy managements to name only a few. To explore what strategies and mechanisms have been developed and implemented by nonprofits to deal with such challenges in comparison with strategies and mechanisms developed and implemented by for-profits could be a subject of interest that can contribute to the future advancement of nonprofit – for-profit global strategy studies.

Peter Drucker mentions in his book entitled "Managing The Non-profit Organization, Practices and Principles" that "Non-profit institutions exist for the sake of their mission… the first task of the leader is to make sure that everybody sees the mission, hears it, lives it" (1990). The statement proves valid not only for nonprofit organizations but also for for-profit organizations. Mission is the magnet that alienates everything but what it is supposed to attract and keeps them tightly unified. It is the fire that keeps burning the coals of a locomotive running straight to its destination. It is like Dom Pérignon poured onto the champagne tower, trickling down and filling each glass as the sweet scent wafts through the air, and when the fragrance permeates the four corners of the room, the strength of an organization is manifested.

WORDS OF GRATITUDE

Being given the opportunity to study at Waseda Business School was indeed a miracle. Among the many candidates who took the entrance examination in the fall of 2012, I was probably the least eligible. Therefore, I owe a deep debt of gratitude to Professor Masao Hirano, who accepted me as one of his seminar students and generously poured out his time, knowledge and insights to teach me the reality of global business management strategy, to challenge me to delve in deeper to understand various frameworks and to patiently support me in writing this thesis which without his guidance, would not have been possible to do.

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> "I have fought the good fight, I have finished the race, I have kept the faith. Now there is in store for me the crown of righteousness, which the Lord, the righteous Judge, will award to me on that day." - Bible

Emi Béland
January 10, 2015 Tokyo, Japan

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APPENDIX 1

The Scout Promise

On my honour I promise that I will do my best
To do my duty to God and the King (or to God and my Country);
To help other people at all times;
To obey the Scout Law.

The Scout Law

1. A Scout's honour is to be trusted.
2. A Scout is loyal.
3. A Scout's duty is to be useful and to help others.
4. A Scout is a friend to all and a brother to every other Scout.
5. A Scout is courteous.
6. A Scout is a friend to animals.
7. A Scout obeys orders of his parents, Patrol Leader or Scoutmaster without question.
8. A Scout smiles and whistles under all difficulties.
9. A Scout is thrifty.
10. A Scout is clean in thought, word and deed.

The Promise and Law are based on the principles of Scouting:
"Duty to God" – a person's relationship with the spiritual values of life, the fundamental belief in a force above mankind.

"Duty to others" – a person's relationship with, and responsibility within, society in the broadest sense of the term: his or her family, local community, country and the world at large, as well as respect for others and for the natural world.

"Duty to self" – a person's responsibility to develop his or her own potential, to the best of that person's ability.