The nonprofit human service sector: Understanding an organization's capacity to innovate

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The nonprofit human service sector: Understanding an organization's capacity to innovate

Abstract
This qualitative study was designed to understand how a nonprofit human service organization (NHSO) understands, perceives, and engages in innovation strategies in a turbulent environment. This study also examined how environmental factors influence an organization's capacity to innovate. These concepts are relevant for further exploration because the NHSO sector typically operates in a turbulent environment and has multiple stakeholders that mandate change and innovation.

Semi-structured interviews were conducted with nine staff and board members from three NHSOs located in a New England city. Political economy and resource dependency theories provided a framework to the research questions and analysis. These interviews were transcribed and analyzed for common elements and themes. Emergent themes centered on the staff and board members’ (1) micro-view of innovation and (2) stability, as well as internal and external systems that they perceived to support the innovation process, including (3) leadership development, (4) role clarity, (5) organizational commitment, (6) demands on staff, (7) and relationships as leverage.

Keywords
Recreation

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THE NONPROFIT HUMAN SERVICE SECTOR: 
UNDERSTANDING AN ORGANIZATION'S 
CAPACITY TO INNOVATE

BY

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B.A., Bryn Mawr College, 2001

THESIS

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This qualitative study was designed to understand how a nonprofit human service organization (NHSO) understands, perceives, and engages in innovation strategies in a turbulent environment. This study also examined how environmental factors influence an organization’s capacity to innovate. These concepts are relevant for further exploration because the NHSO sector typically operates in a turbulent environment and has multiple stakeholders that mandate change and innovation.

Semi-structured interviews were conducted with nine staff and board members from three NHSOs located in a New England city. Political economy and resource dependency theories provided a framework to the research questions and analysis. These interviews were transcribed and analyzed for common elements and themes. Emergent themes centered on the staff and board members’ (1) micro-view of innovation and (2) stability, as well as internal and external systems that they perceived to support the innovation process, including (3) leadership development, (4) role clarity, (5) organizational commitment, (6) demands on staff, (7) and relationships as leverage.
CHAPTER I

INTRODUCTION

Youth development programming provides opportunities for young people to engage in resiliency and asset-building activities. It encompasses a broad range of activities: community-building, enrichment, skill and leadership development, leisure, and recreation (Caldwell, Baldwin, Walls, & Smith, 2004; Granger, 2002; Wheeler, 2000). Its legitimacy has grown due to increased evidence and outcome-based research. Yet the youth development organization also needs to be the focus of research to understand the processes that can help stabilize and sustain these crucial community service organizations (Barbosa, Gannett, Goldman, Wechsler, & Noam, 2004; Mahoney, Lafferty, & Nutter, 2003; Wheeler, 2000). This study sought to understand how youth development nonprofit human service organizations innovate and strategize within the context of their community.

An organization is an open-system, typically dependent upon and influenced by external resources, relationships, and stakeholders to operate (Katz & Kahn, 1966; Mott, 1972; Pfeffer & Salencik, 1978). An organization learns about, interprets, and responds to these inputs and outputs in order to manage and give meaning to its environmental context. Concurrently, an organization seeks continuity in this changing environment (Huff & Huff, 2000; Pfeffer & Salencik, 1978).

Nonprofit human service organizations (NHSO) operate in a capricious and hostile environment (Hasenfeld, 1983; Mulroy & Tamburo, 2004; Schmid, 2004). This
sector has recently grown: in size, in its dependency on government resources, and in its competitiveness with the private sector (Kramer, 2000; Mulroy & Tamburo, 2004; Salamon, 2002; Schmid, 2004; Smith & Lipsky, 1993). It is also influenced by its access to funding and other resources, the demands of multiple stakeholders, and its relationships with other organizations (Cohen, 1999; Jaskyte & Dressler, 2005).

The NHSO’s strategy in response to these environmental changes influences its power and legitimacy in the community and its dependency on resources. The majority of organization-environment studies, however, have not been conducted within the NHSO sector (Galaskiewicz & Bielefeld, 1998; Iecovich, 2001, 2005; Wheeler, 2000). The cumulative stress of these environmental trends would seem to indicate the importance of understanding how a NHSO can be more effective, innovative, and stable. There is a gap, though, in understanding what innovation means, and how it occurs, in the NHSO sector (Cohen, 1999; Jaskyte & Dressler, 2005; Shin & McClomb, 1998).

All of this provokes the question: How can and does a nonprofit human service organization define innovation for itself within this type of environment? Cohen (1999) summarizes the relevance of this question for the NHSO sector:

Human service organizations need to draw on their own human resources to design innovations in organization and service delivery. In part, this is necessary to respond to anticipated cutbacks in federal funding and the greater flexibility at the local level. It is also based on the need to respond more rapidly to changing conditions and changing demographics…(p. 48)

For organizations that are accountable to multiple stakeholders and strategize in a competitive and turbulent resource space, understanding innovation and organization-environment interactions may be a step toward developing real-world strategies that could enhance an organization’s capacity for innovation and stability.
Chapter 2 will examine the theoretical background used in the study and explore the relevant literature for organization-environment interaction, innovation, and organization typology. Chapter 3 will describe the site and participants as well as explain the methodology used to conduct the study. Chapter 4 will present the analysis of the data collected. Chapter 5 will discuss the value and limitations of the analysis.

**Primary and Subsidiary Research Questions**

In the NHSO sector, multiple stakeholders mandate change and innovation. Throughout the literature, organizational leadership is identified as key to innovation; a sector with multiple stakeholders and a turbulent environment requires an understanding of how other factors contribute to an organization’s capacity to innovate (Cohen, 1999; Galaskiewicz & Bielefeld, 1998; Jaskyte & Dressler, 2005; Pfeffer, 1997; Schmid, 2004; Shin & McClomb, 1998). This necessitates further research to investigate the implication of environmental factors for an organization’s capacity to innovate and its overall stability (Hasenfeld, 1992; Jansson & Simmons, 1986; Schmid, 2004; Shin & McClomb, 1998).

This study used an integrated theoretical approach to guide the formation of interview questions and data analysis. The political economy theory focuses on events, decisions, and changes in a community that intersect with the power, control, and legitimacy of an organization (Hasenfeld, 1983; Kramer, 2000; Mulroy, 2004; Staniland, 1985). The resource dependency theory focuses on an organization’s access to resources and how these shape its behavior and capacity in a competitive and shared resource space (Aldrich, 1999; Galaskiewicz & Bielefeld, 1998; Pfeffer, 1982; Pfeffer & Salencik,
1978). These two theories focus on resources and power; they highlight how context can affect organizational processes.

This research study asks: How does an organization understand, perceive, and engage in innovation strategies in a turbulent environment? This question looks at:

1. How nonprofit human service organizations respond to environmental change, including external resources and competition.
2. The relationship between an organization’s capacity for innovation and how it responds to external constraints.
3. Whether an organization’s dependence on external resources affects organizational innovation.
4. Organizational characteristics (size/typology, age, structure) that may affect ability to respond to environmental change.

This qualitative study focused on three NHSOs that provide youth development programming. Semi-structured interviews were used to talk to nine staff and board members about what innovation looked like to them. The primary purpose was to learn how these NHSOs have been, or not been, innovative in a turbulent environment.
Definition of Terms

Nonprofit Human Service Organizations. This type of organization offers services and programs to meet a specific community need or issue. It is oriented to fulfill the needs of its clients, the goals of its mission, and the demands of its stakeholders (Austin, 2002; Hasenfeld, 1992; Hasenfeld & English, 1992; Salamon, 2002; Schmid, 2004; Smith & Lipsky, 1993).

Youth Development Programming. These types of services and programs provide young people the opportunity to engage in community-building, enrichment, skill and leadership development, leisure, and recreational activities. The goal is to develop young people’s assets, resiliency, and support systems through their participation in positive and supportive experiences (Caldwell, Baldwin, Walls, & Smith, 2004; Granger, 2002; Mahoney, Lafferty, & Nutter, 2003; Wheeler, 2000).

Environment. An organization’s environment is comprised of events, external relationships, and inputs that affect its behavior and structure. Organizations actively learn about, participate in, and interact with information and influences from their environment. This open-systems approach emphasizes that organizations adapt to as well as affect the environmental context in which they operate (Hall, 1977; Hasenfeld, 1983; Mott, 1972; Pfeffer & Salencik, 1978; Schmid, 2000).
Innovation. An innovation is any process or service intentionally developed and implemented to improve an organization or sector. If a process or service has already been developed and implemented in one organization, it can still be considered an innovation if it is new to a different organization (Aldrich, 1979; Cohen, 1999; Hasenfeld & English, 1990; King, 2000).

Organizational Effectiveness. This construct is defined as an organization’s capacity to fulfill its mission and meet its goals. It is an extrinsic measure of an organization’s ability to serve the needs of its various stakeholders. It can be measured through outcomes and impact, such as program and client evaluations, and statistical evidence. The increase in funding for NHSOs in the 1960s prompted efforts to apply quantitative measurements to this sector. This has been problematic due to the challenges in articulating cause and effect relationships between unclear operational goals and delivery of services. Organizational effectiveness focuses on goal and mission fulfillment and therefore differs from organizational stability, which is concerned with organizational survival and continuance (Austin, 1988, 2002; Etzioni, 1975; & Salencik, 1978).

Stability. The concept of stability is understood as an organization’s goal to maintain its structure, function, and resources over time and during periods of stress. It is an ongoing process made up of an exchange of inputs and outputs that impact an organization’s continuity. The NHSO’s stability is especially tenuous because it is affected by its dependency on extrinsic factors such as funding and community support (Bedeian, 1984; Pfeffer, 1997; Pfeffer & Salencik, 1978).
CHAPTER II

LITERATURE REVIEW

Organizational studies experienced a surge in research and the creation of theoretical paradigms throughout the 1960s to mid-1980s, in part to develop a general theory of organizations (Scott, 1993). While this goal has probably not diminished, a multi-sectoral approach to organizational research is important because of the unique environmental contexts in which organizations operate (Galaskiewicz & Bielefeld, 1998; Kimberly, 1976; Mulroy & Tamburo, 2004). The current literature in organizational studies is making an effort to reconcile, synthesize, and cast a critical perspective on theory-making for the sake of theory-making (Scott, 1993). With that in mind, this study uses the political economy and resource dependency theories to examine capacity to innovate and environmental context within the nonprofit sector. This integrated theoretical approach creates a more comprehensive lens to look at how an organization’s power, legitimacy, relationships, and resource dependencies impact and are impacted by a specific organizational process: innovation.

Some organization sectors continue to be neglected sites of research. The nonprofit human service organization (NHSO), and youth development programming in particular, struggle to conduct research that is useful to workers in the field and that contributes to the scholarly record. This struggle is in part due to an emphasis on for-profit organizational research and NHSO funding mandates which stress evaluation of program outcomes rather than the critical study of organization structure and behavior.
There is, though, a growing value for understanding innovation within the NHSO sector, in part because of recent environmental changes: an increasingly competitive resource space, responsibility to multiple stakeholders, and pressure to be effective and efficient to gain funding (Cohen, 1999; Jaskyte & Dressler, 2005; Shin & McClomb, 1998). These changes make an organization’s capacity to innovate all the more critical as organizations seek legitimacy and stability in managing their resource dependencies.

A relevant research question is: How does an organization understand, perceive, and engage in innovation strategies in a turbulent environment? This question examines:

1. How nonprofit human service organizations respond to environmental change, including external resources and competition.
2. The relationship between an organization’s capacity for innovation and how it responds to external constraints.
3. Whether an organization’s dependence on external resources affects organizational innovation.
4. Organizational characteristics (size/typology, age, structure) that may affect ability to respond to environmental change.

This chapter will first describe the study’s setting by addressing the continuity and change dilemma faced by organizations, the current state of the nonprofit human service organization, and the field of youth development. Then, the political economy and resource dependency theoretical framework will be examined in the research literature. Thirdly, this study’s two primary themes of environmental context and innovation will be defined and reviewed. Finally, an examination of organization typology will highlight its
usefulness in organizational research. Wheeler (2000) stated in her article on the youth
development organization and its relevance to synthesizing current organizational theory:

The ability to look forward with such intentionality and to adapt to changing
circumstances sometimes necessitates leaving behind old ways of doing
things. To jettison entrenched practices—and even, sometimes, today’s
successful products—is hardly ever easy or simple, but this “creative
destruction”—a term used to describe innovation by both an economist
(Joseph Schumpeter) and an artist (Pablo Picasso)—is central to meeting
challenges at the appropriate moment. (p. 49)

The valuable work of the youth development organization, while operating in a turbulent
environment, makes it a critical site for relevant organizational research.

The Nonprofit Human Service Organization

Organizations are defined as boundary maintaining, social institutions developed
to achieve specific goals (Aldrich, 1979; Austin, 2002; Bedeian, 1984). The boundary
between an organization and its environment is blurred because each is constantly
affecting the other. This open-systems perspective stresses the inputs and outputs
exchanged between an organization and its environment (Katz & Kahn, 1966; Mott,
1972; Mulroy, 2004; Pfeffer & Salencik, 1978). Organizations resist change and seek
continuity because it is difficult to anticipate environmental changes and their
consequences. In addition, changing resource dependencies, and the strategies to manage
them, are threats to the survival of the organization. At the same time, organizations
grow and change to try to increase their power and leverage over these changing resource
dependencies. The dilemma organizations face is: change may strengthen organizational
capacity, but it may also increase an organization’s dependency on its environment (Huff & Huff, 2000; Pfeffer & Salencik, 1978). Thus, organizational stability represents
control over an uncertain environment and resource dependencies. Organizational change represents risk to this control while at the same time provides potential opportunities for capacity-building and leveraging of power.

The nonprofit human service sector has been defined as voluntary service organizations that provide a specific resource and address a societal problem or challenge. This sector is distinguished from other organizational sectors by its service to the needs of the individual and society in which it is located (Austin, 2002; Hasenfeld, 1992; Salamon, 2002; Smith & Lipsky, 1993). The NHSO has several distinct characteristics: it serves a human population; its behavior is typically driven by the centrality of its mission; it has goals and resources that are influenced by a variety of stakeholders including clients, employees, managers, board of director members, and external community groups; and it struggles to measure performance outcomes and organizational effectiveness (Hasenfeld, 1992; Hasenfeld & English, 1990; Schmid, 2004).

Since the 1960s, the nonprofit human service sector has undergone rapid growth, coupled with increased dependence upon government economic resources and competition with the private sector to provide program services (Kohm, La Piana, & Gowdy, 2000; Kramer, 2000; Salamon, 2002; Smith & Lipsky, 1993). NHSOs also have to be increasingly competitive to obtain resources, be responsive to the demands of various stakeholders, and more effective and efficient in fulfilling mission and goals (Cohen, 1999; Jaskyte & Dressler, 2005; Shin & McClomb, 1998). These trends underscore the relevance in understanding how this open-system, transactional

Other environmental factors influencing NHSO behavior include community demographics and clientele, funding, and community supports (Austin, 2002; Cohen, 1999; Hasenfeld & English, 1990; Schmid, 2004). The NHSO sector’s dependence upon external funding sources, its relationship with clients, and its embeddedness in community, however, can hinder its ability to anticipate and monitor changes in the environment (Hasenfeld & English, 1990; Hyde, 2004). Mano-Negrin’s (2003) study of human service organizations used resource dependency theory to explore the differences and similarities between government and independent human service organizations. She concluded that government organizations grew insulated from environment effects. In contrast, independent human service leadership acted as a “boundary-spanning” actor in order to process the threats and supports within the organization’s environment (pp. 40-42). This open-systems dynamic further stressed the value in understanding organization-environment interactions and how they influence internal processes.

The literature suggests that these environmental trends could stimulate organizational innovation as NHSOs strategize to assert their legitimacy and to seek resource stability (Cohen, 1999; Galaskiewicz & Bielefeld, 1998; Goldberg, 1995; Schmid, 2004). A report by the Independent Sector (2005) to the federal government evaluated the value of the NHSO sector:

The power of the charitable community grows from its ability to bring together people who share a commitment to improving lives. They select the charitable community to make those changes because it offers the freedom to experiment with new ideas, to respond to needs without delay, to hold government accountable, and to encourage all efforts, both large and small, that will improve the quality of life for people across the country and around
the world. America must continue to encourage such innovation and creativity by preserving the independence, within a broad range of public purposes the law defines as charitable, of charitable organizations to choose and pursue their mission, as they deem best. (p. 20)

An investigation into organizational capacity for innovation and its response to environmental change is all the more paramount given the NHSO sector’s environmental turbulence.

Youth Development Programming

Youth development programming is one specific subset of services offered within the NHSO sector. Youth development programming can include after-school and community programs, recreational activities, and extracurricular activities (Eccles & Gootman, 2002). This type of programming emphasizes positive youth outcomes such as resiliency and asset-building, and the value of youth participation and membership within their community (Granger, 2002; Lafferty et al, 2003; Mahoney et al, 2003; Wheeler, 2000).

Youth development programming is a vital component to healthy communities. Its sustainability, however, is threatened by a lack of scientific evidence that measures its benefits on community, organization, or individual levels (Barbosa et al, 2004; Eccles & Gootman, 2002; Sprouse & Klitzing, 2005; Witt, 2000). Kubisch’s (2005) longitudinal study on community-building initiatives suggested sustainability strategies applicable to the youth development field: deliberate capacity-building and increased awareness of the organization’s environmental context and its affects. Her practical recommendations make the link between research and practice by emphasizing the importance of the nonprofit organization’s legitimacy.
Youth development organizations seek legitimacy through program evaluation because it is seen as a way to demonstrate effectiveness. The challenges for the field, however, include a lack of clearly stated or measurable goals, a disconnect between goals and program activities, and the inability or lack of capacity to measure outcomes (Eccles & Gootman, 2002; Pittman, 2004; Witt & Crompton, 1996). The Committee on Community-Level Programs for Youth (Eccles & Gootman, 2002) conducted a comprehensive report on community youth programs that included data from studies on positive adolescent development and model programs. The report represented a collection of recent studies conducted to validate and legitimize youth development programming, and part of their conclusions encouraged program evaluation. This need is echoed again in the National Consortium on Recreation and Youth Development’s efforts to encourage programmers to evaluate youth program effectiveness (Witt, 2000; Witt & Crompton, 1996). The emphasis on program evaluation and its implicit connection to sustainability underscores the need to understand the youth development organization’s resource dependencies and organization-environment interactions.

These reports, however, primarily talked about youth development and program evaluation. In fact, the youth development organization itself needs to be the site of study in order to legitimize its role and contributions to its various stakeholders. While the majority of organizational theories originate in the for-profit sector, NHSOs can contribute to this body of knowledge (Iecovich, 2005; Wheeler, 2000). Wheeler (2000), in her article advancing the connection between theory and the youth development organization, goes so far as to suggest that the youth development organization can contribute to current organizational research because, “Today’s successful organization...
has an alignment of values, principles, practice, and mission; when these elements are attuned to one another, strategies that contribute to realization of the vision are made possible” (p. 49). She theorized that the centrality of a youth development organization’s mission encourages the process of innovation. This is a crucial connection that highlights the value in investigating an organization’s capacity for innovation and how it responds to external constraints.

**Theoretical Framework**

Several organizational theories relevant to the NHSO sector recur throughout the literature. This study used the political economy and resource dependency theories to frame its research questions. The political economy theory asserts that organizational survival and level of independence is dictated by the relationship between the organization’s power, legitimacy, and resources (Farmakopoulou, 2002; Kramer, 2000; Mulroy, 2004; Staniland, 1985). This lens acts as a filter to qualitatively examine internal processes and the external environment of an organization. The resource dependency theory posits that organizations operate and compete for limited resources within a shared environment (Aldrich, 1999; Galaskiewicz & Bielefeld, 1998; Pfeffer, 1982; Pfeffer & Salencik, 1978). It is relevant to explore how these organization-environment interactions influence an organization’s capacity to innovate and be sustainable.

This integrated, theoretical approach is used in an attempt to adequately address the complexity of organization behavior. Farmakopoulou’s (2002) study of inter-agency collaborations used these two theories because they both focus on resources and power.
Regarding the resource dependency perspective, she stressed “the ability of organizations to engage in rational decision-making in pursuit of their goals” (p. 51). Moreover, the political economy approach highlighted the political, economic, and social context in which this strategizing takes place. Galaskiewicz and Bielefeld (1998) summarized their rationale for using an integrated theory in their study of nonprofits:

Yet we argue that the fate of organizations depends upon their access to resources, and understanding how they access resources can go a long way in helping us to understand organizational behavior. (p. 21)

This framework stresses the context in which innovation, and the factors that support it, take place.

Youth development programming is consistently valued and supported for its positive impact on the healthy development process (Barbosa et al, 2004; Eccles & Gootman, 2002; Witt, 2000). NHSO and youth development organizations need to be the site of theory-building research to express the need for and value of this type of work to stakeholders (Au, 1994; Hasenfeld, 2000; Iecovich, 2001; Schmid, 2004; Witt, 2000). There is an increased emphasis on outcome and evidence-based programming, oftentimes linked to crucial funding dollars. Lafferty, Mahoney & Thombs’ (2003) research into the diffusion of an innovation in a youth-oriented setting is one study that contributed to practitioners and the legitimacy of the field. In an ever-changing funding and policy environment, the need for theoretical and empirical research is crucial for the stability of organizations that deliver youth development services.
Political Economy Theory

The NHSO's capacity to survive and deliver services is tied to its ability to utilize power, legitimacy, and economic resources to fulfill its mission (Hasenfeld, 1992; Kramer, 2000; Mulroy, 2004). Politics and economics were originally studied as functionally distinct fields. Political economy as a theory first developed in 18th century Europe to describe the interaction between new nation-states and their economies. The seminal writing of Adam Smith emphasizing the impact of individual economic activity, the changing economic and political landscape, and the diversification and specialization of the social sciences spurred the decline of this theory (Kramer, 2000, Staniland, 1985). It has undergone a resurgence over the last century, in part to describe the post-colonial interaction between industrial governments and Third World countries. It continues to be used as a common framework for studying the effects of globalization and the growth of post-industrial nations (Kramer, 2000; Staniland, 1985). Additionally, this theory has been used to understand the interaction between organizations and their environments (Farmakopoulou, 2002; Hasenfeld, 1983; Mulroy, 2004).

It has been suggested that there can be no unified theory of political economy. Instead, it has been interpreted as a range of theories influenced by the context in which they are applied (Staniland, 1985, pp. 197-203). Key writings have applied the political economy theory to the study of organizations (Wamsley & Zald, 1973) and to the field of human services (Austin, 1988; Hasenfeld, 1992), and provide a relevant definition for this study. “Political” is defined by the ways in which an organization obtains and maintains power and legitimacy; defines mission and its functional niche; and manages these processes. “Economy” is defined by the ways in which an organization obtains and
manages resources such as funding, staff, and clients and provides services
(Farmakopoulou, 2002; Hasenfeld, 1992, pp. 31-32; Kramer, 2000, pp.7-8; Mulroy, 2004). Schmid (2004) stated in his discussion of organization-environment relationships in the NHSO sector, “The greater the organization’s dependence on these resources, the stronger the influence of the external interest groups on processes within the organization” (p.103). Political economy theory can be used to investigate the consequences of external change on an organization’s internal processes, such as innovation.

Usage of a political economy framework is currently popular because it can be applied to the political and economic characteristics of any social process. It is important to articulate some of the challenges and limitations of the theory: it is difficult to distinguish between political and economic factors; power and legitimacy are oftentimes presented as vague abstracts; and organizational processes are typically complex and difficult to operationally define. Perhaps its most relevant weakness when used in the human service sector is that it can mute the impact of values and ideologies on organizational behavior (Hasenfeld, 1992; Kramer, 2000). Hamilton and Biggart’s (2001) article about developing global markets and industry strategies countered this argument by emphasizing the political economy perspective:

We argue that market opportunities do indeed lead to innovations in organizational design but that these innovations are not simply a rational calculus of the most efficient way to organize. Organizational practices, instead, represent strategies of control that serve to legitimate structures of command and often employ cultural understandings in so doing. (p. 445)
For the NHSO sector, it is important to further understand how an organization’s mission and stakeholders could impact its strategy of control. Thus the question could be asked: Could this then be an important component to this sector’s innovation process?

Staniland (1985) stressed, “But the importance of social theories (such as theories of political economy) arises from their function of crystallizing and articulating problems of general interest” (p. 203). The problem of general interest for the NSHO sector is summarized in Mulroy & Tamburo’s (2004) literature review as the need to understand environmental change and resource dependencies. Mulroy (2004) developed a conceptual model of the organization-environment landscape using case examples to emphasize the implications of the political economy theory and inter-organizational relationships on an organization. Farmakopoulou (2002) used the political economy approach to study inter-agency collaboration imposed by an external governing body. This is an explicit example of how this theory can focus on organizational behavior and how this may be shaped by external relationships and power. Mahlios and Carpenter (1982) applied a political economy framework to a case study of a higher education institution and its inter-organizational relationships. Their study suggested that cooperation between groups was used as a way to increase power, legitimacy, and resources. These studies suggest the political economy theory’s usefulness in examining the impact external factors have on organizational strategies for power and legitimacy.

**Resource Dependency Theory**

The majority of organizational theory has been devoted to qualities of leadership and other internal organizational characteristics. Max Weber, the German sociologist,
theorized about organizational structure during the first half of the twentieth century. He shifted the focus of organizational theory beyond the spectrum of leaders and managers by proposing that organizational structures were created to outlast any individual member. This perspective introduced another level of analysis to the field of organizational theory: organizations are not simply comprised of leaders, managers, and workers, but rather are individuals themselves operating in an environment shared with a population of other similar organizations (Galaskiewicz & Bielefeld, 1998; Mizruchi & Galaskiewicz, 1994; Pfeffer & Salencik, 1978; Weber, 1930). This, in part, prompted organizational theory to investigate processes external to the organization.

The resource dependency model emerged in the 1960s to examine the interaction between organizations and their environment. It has been applied to the human service field because these types of organizations exist in environments of resource scarcity (Aldrich, 1999; Galaskiewicz & Bielefeld, 1998, p. 207). The resource dependency theory proposes that an organization operates within a specific setting. At the core of this approach is the open systems perspective that organizations exchange resources with their environment in order to survive. An organization depends upon resources from other organizations in a competitive and changing landscape. Because of these external relationships and interactions, an organization can never be completely independent. Ultimately, the goal of an organization is to reduce their resource dependencies in order to gain greater control over this external environment. Organizations attempt to increase their stability and control through a variety of actions such as collaborations, innovations, institutional growth, mergers, and political involvement (Bedeian, 1984; Mizruchi & Galaskiewicz, 1994; Pfeffer & Salencik, 1978).
An important aspect of the resource dependency theory is that organizations do not passively respond to environmental forces. Rather, an organization develops strategies to change and control their environment (Aldrich & Pfeffer, 1976; Farmakopoulou, 2002; Pfeffer, 1982). Resource dependency theory is closely related to the population ecology, or organization ecology, theory, which emphasizes Darwin’s theory of natural selection and the survival of the fittest organization. Population ecology theory stresses the passive nature of the organization in managing its behavior and responding to environmental forces. In contrast, resource dependency theory recognizes that organizations are active players in their environment (Bediean, 1980; Carroll & Hannan, 1995).

The resource dependency theory is useful because of its simplicity and wide applicability. Some theorists, however, suggest that the concept of supply and demand better accounts for resource dependencies than organization-environment interactions. This may in part be because resource dependency theory can sometimes over-emphasize the link between power and dependence (Aldrich, 1999). Another reason may be that resource dependencies tend to be subjective: each organization has a unique perception of its inter-organizational relationships and dependencies.

The NHSO sector, which is typically dependent upon resources controlled by external bodies, needs to understand the implications of environmental turbulence on strategy and stability. One step toward developing tools for practitioners to better leverage their resources is to operationalize the resource dependency theory. Iecovich (2001) tested an instrument that measured seven dimensions of dependency, including an organization’s degree of resource control, types and number of resources, degree of
resource essentiality and certainty, the impact of a reduction in resources, and availability of other resources. The goal was to develop a valid and reliable instrument to aid practitioners in effectively investing in strategies for growth and viability.

Another tactic to better understand resource dependency theory is demonstrated in a study by Miller, Veltri, and Combs (2002) that looked at disabled sports organizations and three resource acquisition strategies: retrenchment, legitimation, and new revenue. They found that these nonprofits tended to make internal structural and cost-cutting changes more often than they engaged in external strategies for sustainability, in part to try to control their resource dependencies. Galaskiewicz & Bielefeld’s (1998) monograph used the resource dependency theory to look at how a turbulent environment impacts various aspects of nonprofit behavior. They tentatively conclude that nonprofit behavior is related to where they obtain resources: organizations that used more retrenchment tactics or were more decentralized came to value innovation or become more innovative over time. A resource dependency framework provides theoretical cogency to the present study’s investigation into NHSO capacity for innovation within a specific environmental context.

**Conclusion**

Since the 1960s the field of organizational studies has seen a proliferation of a variety of theories and paradigms closely related to resource dependency theory (Scott, 1993). This can make the selection of a relevant theoretical framework challenging. Scott’s (1993) literature review evaluated several of these theories, including resource dependency, in an effort to bring consistency to the study of organizational structures and
processes. Scott argued that theories should not just challenge and replace earlier paradigms, but should be synthesized to build a clearer, firmer theoretical foundation. This study uses a political economy and resource dependency framework to utilize the strengths of both perspectives.

These theories do not ignore internal processes, but emphasize the significance of the environmental context in which these actions take place. Pfeffer and Salencik (1978) stated that, “the underlying premise of the external perspective on organizations is that organizational activities and outcomes are accounted for by the context in which the organization is embedded” (p. 39). Political economy and resource dependency theories provide a link between the internal and external processes that drive NHSO behavior. An integrated theoretical approach allows the exploration of how resource dependencies impact a NHSO’s power and legitimacy.

**Environmental Context**

**Definition**

Stinchcombe (1968) is credited with first examining the relationship between environment and organization when he questioned whether organizational changes were explained by internal adaptation or environmental selection. Organizations are not isolated organisms, but have porous boundaries that lead to a transactional relationship with their environment (Galaskiewicz & Bielefeld, 1998; Gummer, 1997; Mulroy, 2004). This relationship is further affected by an organization’s awareness and interpretation of, and connections to, its environmental context (Mulroy & Tamburo, 2004; Pfeffer & Salencik, 1978). The NHSO sector’s environment is characterized as dynamic, changing,
and turbulent, which requires the organization to respond to the threats and opportunities in its environment in terms of its own goals and mission (Hasenfeld, 1983; Hyde, 2004; Mulroy, 2004; Schmid, 2000, 2004). The literature, however, also demonstrates that the majority of organization-environment studies are not done in the nonprofit sector (Galaskiewicz & Bielefeld, 1998; Iecovich, 2005).

A review of the literature identifies a variety of factors to include when describing an organization’s environment. The environment can refer to general conditions: the cultural, technological, legal, political, social, demographic, and economic conditions in which an organization exists (Hall, 1977; Hasenfeld, 1983; Mulroy & Tamburo, 2004). The influence of environmental conditions varies between organizations and organization types. The interpretation of the environmental context has also changed over historical periods, and studies tend to reflect that in the language used to describe an organization’s environmental context. For instance, Saxton and Benson (2005) used the lens of social capital and Sharp (2001) used the lens of community networks to examine organization-environment interactions, but at its core each concept is another way to describe an organization’s community interactions and relationships.

An organization’s environment can also refer to specific conditions with which it directly interacts. These factors have been described as the task environment, and include resource dependencies, external controls, inter-organization relationships, and leaders. The task environment is unique to each organization and the community in which it operates (Hall, 1977; Hasenfeld, 1983; Iecovich, 2005; Schmid, 2000). While much of the organizational literature from the 1960s through 1980s distinguished between the general and task environments, the current research perspective presents a
blurred and symbiotic relationship between these general and specific environments (Mulroy, 2004; Schmid, 2000). Galaskiewicz and Bielefeld (1998) summarize this tendency:

An important contribution...was the recognition that each organization faced a slightly different context – it had its own microniche – due to its particular mix of products, market segments, technology, investors, etc., and the degree to which other organizations competed for the same resources. (p. 6)

A study by Iecovich (2005) reflected this trend by investigating the interaction between general and task environments and their effect on internal processes. It found that NHSO Boards of Directors were more involved with the transactional environment when the nonprofit had a high dependence upon external resources and a high level of collaboration with other organizations. This open-systems approach necessitates a closer look at how these inputs and outputs influence a process like innovation.

**Organization-Environment Relationships**

Organization-environment relationships have been conceptualized along dimensions that influence organizational change (Aldrich, 1979; Galaskiewicz & Bielefeld, 1998; Iecovich, 2005; Mulroy, 2004). A political economy lens looks at how power and legitimacy are managed through resources strategies. Organization-environment relationships can be conceptualized in terms of the NHSO’s legal and cultural conditions; identity as it relates to mission and philosophy; and change strategies relating to conflict, competition, and collaboration between organizations (Gioia & Thomas, 1996; Mulroy, 2004; Mulroy & Tamburo, 2004). The NHSO environment requires further consideration to understand the effects these transactions could have on
internal processes, such as innovation (Aldrich & Pfeffer, 1976; Hasenfeld, 1983; Hyde, 2004; Iecovich, 2005; Schmid, 2004).

Changing legal and cultural conditions influence an organization’s internal behavior (Galaskiewicz & Bielefeld, 1998; Schmid, 2004). Schmid (2004) described the implications of changing demographics in his article on NHSO management practices:

The traditional ideologies and service technologies that have been developed and adopted...are not necessarily appropriate or effective for the new and diverse client populations. This creates a pressing need for rapid development of new and innovative intervention methods and service technologies. (p. 99)

His article attempted to develop a theory for effective NHSO management practices within the context of organization-environment relationships. Connections between internal behavior and the environment were also the focus of Hyde’s (2004) qualitative exploratory study of agencies undergoing multicultural organizational development. This internal change process was a consequence of demographic shifts within the community. This study consisted of in-depth interviews with nonprofit practitioners and served as a template for this study’s methodology: using qualitative methods to examine the influence of environmental changes on an organization’s capacity to innovate.

The nonprofit organization is distinguished from other organizations by the symbiotic interaction between its identity, mission, and goals (Austin, 2002; Hasenfeld, 1992; Schmid, 2004). Gioia and Thomas (1996) found that during change, nonprofit leadership’s “perceptions of identity and image, and especially desired future image, were key to their interpretation of issues” (p. 399). Sharp (2001) conducted community case studies to understand how environmental structure could facilitate resource flows and coordinate community engagement. He concluded that a pyramidal structure, with a
leadership group controlling the majority of the power, was most effective. The study looked at effectively managing resource dependencies in a transactional environment, but a political economy perspective would further address how these structures impact organizational power and legitimacy. Both studies raised questions regarding the influence of an open-system on nonprofit identity, mission, and capacity to innovate.

Strategic change is an externally focused process to manage an organization’s environment (Farmakapoulou, 2002; Gioia & Thomas, 1996; Gummer, 1997). Collaborative relationship-building is one change strategy hypothesized to leverage an organization’s resource dependencies (Hyde, 2004; Iecovich, 2005; Mizruchi & Galaskiewicz, 1994; Sharp, 2001). Mulroy (2004) used case examples to illustrate a conceptual model of an organization’s external relationships, and demonstrate that much of the current literature is primarily comprised of theory-building, due in part to new interpretations of organization-environment interactions. Hyde’s (2004) data on a specific NHSO innovation indicated that providers felt that collaboration with other organizations and the local community led to a better awareness of service needs and gaps, as well as greater legitimacy for the NHSO. Wheeler (2000) further speculated that the youth development organization’s linkages with other organizations would influence its value to the community. These articles begin to suggest that NHSOs purposefully develop relationships for legitimacy and resources.

NHSO organizations engage in collaborations, while simultaneously competing for resources, such as clients and funding, as well as legitimacy in the community (Boehm, 1996; Mulroy & Tamburo, 2004). Galaskiewicz and Bielefeld (1998) described why measuring competition within the nonprofit sector is difficult:
Even though two nonprofit organizations are providing the same service and are organized in similar ways...if one is reliant on fees while the other is reliant on donations...it is difficult to see how they are competing against one another for inputs. (p. 4)

It is important to note, though, that most nonprofits rely on a mix of inputs to survive, thus increasing the possibility of competing within their specific environment (Kramer, 2000; Spall & Zetlin, 2004). Saxton and Benson’s (2005) study concluded that a healthy nonprofit environment was characterized by high density and complexity, and this in turn led to increased legitimacy and opportunities for nonprofit growth and funding. They emphasized that the goal of nonprofit legitimacy seemed to drive organizational behavior more than competition. In their study of how NHSOs can impact legislation, Mulroy and Tamburo (2004) suggested that expanding organizational legitimacy and power could act as a buffer from environmental turbulence. They go on to state that environmental scanning and inter-organizational collaborations are key to the development of new services within this sector. For the most part, it seemed that the NHSO literature ignored the issue of competition and instead focused on legitimating and relationship-building strategies.

The need to understand NHSO strategies that support change and innovation within a turbulent environment recurs throughout the literature. The literature for the NHSO sector also revealed a plethora of theoretical frameworks and paradigms discussing organization-environment relationships, but a lack of applied research within the field. Recent research indicates a link between environmental turbulence and organization innovation (Cohen, 1999; Galaskiewicz & Bielefeld, 1998; Hyde, 2004; Jaskyte & Dressler, 2005; Pfeffer, 1997). These studies, however, represent initial steps to develop a better understanding of what this link may mean for the NHSO sector.
Innovation

Definition

The concept of innovation has been defined in operational terms as the development and implementation of new ideas, processes, products, or services (Cohen, 1999; King, 1992; Shin & McClomb, 1998). While organizations are subject to change as a continuous and ongoing process, innovation implies intentional strategies for improvement (Hasenfeld & English, 1990; King, 2000). Some research has distinguished between technological and administrative innovations (Goldberg, 1995; Kimberly & Evanisko, 1981). Another approach has been to evaluate an innovation on its relative advantage, compatibility, complexity, trialability, and observability within an organization (Mahoney et al, 2003).

The research reflects efforts to understand and evaluate the process of innovation. King’s (1992) comparison of a distinct stage-based innovation model and a fluid progression model found some support for the idea that the more radical an innovation, the more likely it will conform to a discrete sequence of events. King hypothesized that a fluid progression model, with its qualities of overlap and flexibility, would be more prevalent if more innovation case studies were conducted. Cohen (1999) and Goldberg’s (1995) case studies of organizational innovation supported this conclusion, and recommended that the NHSO sector needs to better understand the innovation process largely because it is subject to a variety of external dependencies and changes.

Research has also focused on how an innovation is developed as well as how it is diffused and adopted. A meta-analysis conducted by Granovetter (1973) used social network analysis to discuss its implications for the diffusion of influence and information.
as well as organizational mobility and opportunity. He suggested that when an innovation is considered safe and uncontroversial, key leadership lead in its adoption; but when it is considered riskier, less central figures do. Lafferty et al (2003) studied the diffusion of an innovation within a youth-serving setting, and concluded that the more abstract an innovation the slower it would be accepted and implemented by practitioners. The literature shows consistency in the definition of innovation; however, it is a complex process that requires further exploration because of its implications for organizational growth and stability.

A recurring issue in defining and understanding innovation is “How does an investigator decide which variations are new or different enough from past practices to be called ‘innovations,’ and if variation is a central property of all organizations, why bother?” (Pfeffer, 1997). Taking this question into account, innovation can more specifically be understood as new processes or services intentionally developed to benefit or positively impact an individual organization or an entire organization type (Aldrich, 1979; Cohen, 1999; King, 2000). This allows for a distinction between an innovation specific to a single organization and that which may have an affect on a larger sector. Organizational studies still bother with the concept of innovation because the process of improving and adapting a product or service demonstrates the responsiveness and competitiveness of an organization within its niche (Cohen, 1999; Goldberg, 1995; Jaskyte & Dressler, 1995). The environmental trends affecting NHSOs, such as their rapid growth, increased dependence on government funding, and increased competition from the private sector further underscore the need to understand innovation within this context.
Supporting and Stimulating Innovation

Organizational research has tried to determine which organizational factors best predict and stimulate innovation and whether certain types of organizations are more innovative than others. Hage and Aiken's (1967) five-year study was one of the first to measure program innovation and its relationship to multiple organizational characteristics within the NHSO sector. Later studies by Kimberly and Evanisko (1981) and Shin and McClomb (1998) expanded this scope to examine the influence of structural, leadership, and environmental factors on a nonprofit's ability to innovate. Both studies found that the process of innovation was closely correlated with a decentralized organizational structure. In addition, Kimberly and Evanisko concluded that an organization's capacity for a higher volume of activity or service made it more feasible and cost-effective for it to consider and undertake an innovation. In terms of internal leadership, Shin and McClomb found that leadership that made resource acquisition a priority and scanned for and adapted to environmental trends and opportunities positively influenced innovation within a NHSO. Their study also found that while innovation tended to occur during rapid environmental change, management perceptions of environmental turbulence did not significantly influence the innovation. This relationship, however, provides an opening for further research into employee perceptions of environmental turbulence and an organization's capacity to innovate.

A decentralized organizational structure may be more conducive for innovation to occur, however, the literature identified other organizational factors that support the innovation process. Recurring factors supportive to the development and implementation of an innovation include: an internal process that supports innovation, employee
involvement, support from management, an advocate for the innovation, some amount of resources to demonstrate organizational commitment, and effective communication channels (Barbosa et al, 2004; Cohen, 1999; Hyde, 2004; Jaskyte & Dressler, 2005; Mahoney et al, 2003).

Specific studies highlight the role these factors may play for the diffusion and adoption of innovations within nonprofit organizations. Lafferty et al’s (2003) research findings suggested that employee perceptions of their ability to try and observe an innovation prior to adoption, as well as its relative advantage, compatibility, and complexity were important considerations in employee support for and participation in the diffusion of an innovation. Jaskyte and Dressler’s (2005) exploratory study of culture, values, and innovation in the NHSO sector concluded that stability and strong organizational culture did not encourage innovation. Instead, their findings suggested that:

Employees have to be given enough leeway to express their creativity, be allowed to take risks, experiment, and take advantage of opportunities. Such values as cohesion, teamwork, stability, security, cooperation, and lack of conflict, on the other hand, when highly shared do not foster but hinder innovation efforts. (p. 36)

These studies indicated that an organization’s capacity for innovation is closely related to employee perceptions of the innovation, and the demonstrated commitment of management for the innovation and innovation process. These supportive factors need to be further examined within the context of the turbulent NHSO environment.

A review of the organizational theory and literature finds that researchers tend to examine the innovation itself or how the innovation process occurs within the organization. An important link between these two tracts is to understand not only what
internal factors support the innovation process, but also how innovation is linked to environmental factors (Cohen, 1999; Galaskiewicz & Bielefeld, 1998; Pfeffer, 1997; Schmid, 2004). Cohen’s (1999) case study of a large, centralized NHSO evaluated a program specifically created to encourage employee innovation. Cohen concluded by suggesting that a specific internal process to develop innovation could “have widespread applicability in the human services field, which today is inundated with calls for organizations to be more entrepreneurial, more empowering, more customer focused, and more quality conscious” (p. 58). This is not simply relevant to organizational research, but also for youth development practitioners seeking to improve their delivery of services and ability to fulfill an organization’s mission and goals. Further examination is needed to understand organizational capacity for innovation within this resource dependent context.

**Organizational Typology**

Organizational research needs to conduct studies utilizing a common typology and sector analysis (Mulroy & Tamburo, 2004; Smith & Lipsky, 1993). In the 1960s and 1970s, organizational research increasingly focused on the concepts of size and structure. While this was in part due to applying advances in technology to the realm of research, the literature demonstrates that the concept of size and its effects on organizational structure and behavior is ambiguous and inconclusive (Galaskiewicz & Bielefeld, 1998; Hall, Johnson, & Haas, 1967; Kimberly, 1976). Kimberly’s (1976) meta-analysis of over 80 studies focused on organizational size and structure. He proposed that research should look at specific aspects of size, such as an organization’s physical and personnel capacity,
inputs and outputs, and resources available to an organization. In addition, Kimberly recommended that research examine these aspects in relation to an organization’s internal, external, and socio-technical levels of analysis:

Each of these three levels of analysis is indicative of a different kind of organizational problem, and if one thinks of structural elaboration as a response to both internal and external contingencies, one can think of the various aspects of size as being theoretically important for different sets of contingencies...at the primarily external level of analysis lies the problem of survival and growth. (p. 592)

He stressed this because organizational context is important, and may have different implications depending upon organization type. Kimberly’s goal was to develop a more sectoral and theory-based understanding of types of organizations.

Organization-environment interactions take place between organizations of varying type, size, and capacity. An external level of analysis takes an open-systems approach to understand how inputs and outputs affect organizational processes, such as innovation (Kimberly, 1976). Lincoln and McBride’s (1985) study used an external level of analysis to study the effects of organizational characteristics on inter-organizational relationships in youth serving community networks. They used resource dependency theory to frame their questions regarding the power and dependence at play in these networks. Lincoln and McBride stated that, “unequal and diverse resources in an inter-organizational network give rise to a complex matrix of cross cutting and offsetting power/dependence ties” (p. 28). An organizational typology highlights these organization-environment interactions.

An organization typology, therefore, can be useful in categorizing the selected organizations. A life-cycle typology is used in Perlmutter’s (1972) case study of a specific NHSO. This typology is based on Parson’s four imperatives to a functioning
organizational system: adaptation to the environment, goal-attainment, integration and coordination of the group in that system, and latency to maintain motivation (Hamilton, 1983). Perlmutter's typology used these concepts to define an organization's developmental stages: self-interest, as an organization develops its identity and attempts to meet a gap in services; professionalism, as an organization seeks to increase resources and improve quality of services; and social interest, as an organization responds to gaps in services and evaluates mission and goals. These stages reflect the centrality of NHSO mission, service delivery, and resource development to behavior. In addition, the findings stressed that organizations develop a strategy for sustainability and do not just passively respond to environmental factors. Perlmutter's case study demonstrated how a typology can be used to frame an organizational study; however, it is subjective in its interpretation of organizational development.

Smith and Lipsky (1993) developed a less qualitative typology that looked at types of nonprofits and their resource dependencies because "'nonprofit' does not crisply modify organizations in patterned ways" (p. 38). Their typology categorized nonprofits most likely to be impacted by recent environmental trends impacting the nonprofit sector. Type 1 organizations are typically well funded, often through endowments and provide a variety of services; Type 2 organizations usually provide a single service in response to governmental funding; Type 3 organizations form to meet gaps in services and are administered by volunteers or committed employees. Smith and Lipsky used this typology in their comprehensive review of recent trends impacting nonprofit resource dependencies. Mulroy and Tamburo (2004) also used this typology in their meta-analysis.
of studies on nonprofit organizations and organizational change. This typology enables a categorized examination of an organization’s capacity to innovate in a specific sector.

**Conclusion**

This literature review has shown that youth development organizations in the NHSO sector need to be the site of organizational research. This is in part due to the environmental turbulence experienced by the NHSO sector as well as a gap in the literature addressing how this impacts NHSO strategies for power, legitimacy, and capacity to innovate. An integrated, theoretical framework using the political economy and resource dependency theories is one step to contribute to both practitioners and the theory-building work for the field. The information and themes gained from a study of employee perspectives on environmental factors has the potential to provide nonprofit human service organizations with insight into organizational innovation in a turbulent environment.
CHAPTER III

METHODOLOGY

This study examined three nonprofit human service organizations (NHSO) and how staff and board members interpreted their turbulent environment, perceived innovation strategies within their agency, and described the stability of their respective agencies. The design used semi-structured interviews and thematic analysis to understand staff and board members' descriptions of their experiences. A qualitative framework was used drawing on principles from the structuralist research tradition. This allowed the study to emphasize the organizational processes and values that shape and inform behavior. This study investigated characteristics of the nonprofit human service system, the factors that influence innovation in that system, and the processes that promote stability within that system. The design also utilized historical research methods in order to provide contextual information to the analysis (Gall, Borg, & Gall, 1996).

This chapter will describe the setting, participants, data collection and data analysis processes, and the limitations and threats to the internal and external validity of the study.

Setting

This study took place in Resourceville, a changing city in New Hampshire. Since 1990 this state has experienced an 11% increase in population. The majority of this growth has occurred in suburban and rural communities; however, Resourceville, the
state’s largest city, saw an almost 8% population growth in that same time period (Perry & Mackun, 2001; U.S. Census Bureau, n.d.). These numbers indicate that Resourceville has kept pace with the state’s population gains, but the city’s economic growth has been slower: 54% of the state’s communities had a higher per capita income and 73% of the state’s communities saw larger gains in per capita income (New Hampshire Office of Energy and Planning, n.d.). Table 1 compares the economic characteristics of the state’s two largest cities. Resourceville has changed in terms of size, demographics, and population needs.

Table 1. Comparison of Resourceville’s Economic Characteristics

<table>
<thead>
<tr>
<th>City</th>
<th>Growth rate</th>
<th>Per Capita Income</th>
<th>Rank</th>
<th>Change in Per Capita Income</th>
<th>Rank</th>
<th>Persons in Poverty</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resourceville</td>
<td>7.47%</td>
<td>21,244</td>
<td>106</td>
<td>6,133</td>
<td>65</td>
<td>10.64%</td>
<td>210</td>
</tr>
<tr>
<td>City 2</td>
<td>8.72%</td>
<td>24,209</td>
<td>166</td>
<td>7,188</td>
<td>110</td>
<td>6.76%</td>
<td>144</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>11.41%</td>
<td>23,844</td>
<td></td>
<td>7,885</td>
<td></td>
<td>6.5%</td>
<td></td>
</tr>
</tbody>
</table>

(Source: New Hampshire Office of Energy and Planning, n.d.)

Nonprofit organizations play a vital role throughout the state. Data indicates that this state’s nonprofit sector grew approximately 75% between 1991 and 2001. The nonprofit human service sector accounts for almost 40% of the state’s nonprofits, but represents only 15% of nonprofit expenditures and 9% of nonprofit assets (NHCN, 2001, pp. 3-4). These numbers reflect the limited resources available to the NHSO sector compared to the expenditures and assets of other types of nonprofits around the state. How do NHSOs operating in a changing city manage and innovate in this limited resource space?

Youth development programming was the chosen milieu because this field is undergoing rapid growth in funding and public policy support (Eccles & Appleton, 2002;
Sprouse & Klitzing, 2005; Witt, 2000). This is a crucial subset of the NHSO sector because social indicators such as academic failure, poor physical and emotional well-being, increased violence, lower socio-economic capacity, and increased unstructured and unsupervised free time demonstrate the ongoing need to support youth development programs (Eccles & Appleton, 2002; Sprouse & Klitzing, 2005; Witt, 2000). The field requires qualitative data to enhance the quantitative outcomes required by many funding sources.

**Participants**

This study selected three NHSOs located in Resourceville that provide youth development programming through a variety of recreational and leadership activities. Organizations were selected using a purposeful snowball and intensity sampling methodology to target effective and innovative examples (Patton, 2002; Stake, 1995). Approval was granted by the University of New Hampshire’s Institutional Review Board (IRB) to conduct a study involving human subjects (Appendix A).

First, potential organizations were examined using economic data accessed through GuideStar.org, an online database of nonprofit data. Then, a list of six potential sites was generated that fit an organizational typology based on operational capacity (Table 2; Mulroy & Tamburo, 2004; Smith & Lipsky, 1993). A panel of experts from key funding organizations, the New Hampshire Charitable Foundation and United Way of Resourceville, were consulted to select the most innovative NHSO from this list (Table 2). Peers working within the NHSO field then checked the appropriateness of the
selected organizations based on their perceptions of each organization’s effectiveness and capacity to innovate.

Table 2. Organizational Typology

<table>
<thead>
<tr>
<th>Type 1 Organization</th>
<th>Type 2 Organization</th>
<th>Type 3 Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typically well funded, often through endowments and provide a variety of services</td>
<td>Usually provide a single service in response to governmental funding</td>
<td>Form to meet gaps in services and are administered by volunteers or committed staff</td>
</tr>
<tr>
<td>Youth and Families Agency</td>
<td>Agency for Social Change</td>
<td>Youth and Community Coalitions</td>
</tr>
</tbody>
</table>

All participants signed letters of consent after agreeing to participate in the study (Appendix B). Key informants were then interviewed from all organizational levels to obtain a variety of perspectives, including the Board of Directors, Chief Executive Officers, Program Directors, and staff providing direct services (Galaskiewicz & Bielefeld, 1998; Lafferty et al, 2003). Organizations and informants were assigned pseudonyms and numbers in order to protect their confidentiality (Table 3). Only the researcher as well as the researcher’s advisor and faculty committee had access to the data collected in the study. Key informants were not compensated for their participation.

**Type 1 Organization**

Youth and Families Agency’s mission is to advance the well being of children by providing a variety of social services to strengthen family life and by promoting community commitment to the needs of children. The oldest arm of the agency began in 1850 in Resourceville, and in 1971 combined with two other nonprofit agencies in the state. It currently operates 13 offices that deliver a variety of programs throughout the state.
Youth and Families Agency's services include advocacy, counseling, school and community based programs, and youth services such as transitional living, group homes, and substance abuse treatment. This study focused on one particular program: a summer camp program that began in 1921 for low-income youth from around the state. Approximately 20% of its campers come from the Resourceville area. It offers a traditional youth development camp program that increasingly incorporates a therapeutic approach in its delivery.

**Type 2 Organization**

The Agency for Social Change's mission is to empower women and eliminate racism by creating opportunities for women's growth, leadership, and power in order to attain a common vision of peace, justice, freedom, and dignity for all people. The national Agency for Social Change was formed in 1858, and Resourceville's branch was opened in 1920. The Agency for Social Change currently employs approximately 20 full-time staff, and 20 part-time staff.

In addition to its Crisis Service programs, the Agency for Social Change offers a variety of youth development programming. Its Girls Program Center provides gender-specific enrichment programming for girls aged 6 to 12, including an after-school program and vacation and summer camps. Its Teen Program provides life skills and leadership development programming to youth aged 14 to 18, including the Peer Action Changing Tomorrow Program and a Life Skills Program.
**Type 3 Organization**

Youth and Community Coalition’s mission is to promote the positive development and resilience of youth. It engages and facilitates community organizations to ensure that programs and support services exist for youth, and to involve youth in the process of coalition-building. It was formed in 1997 as part of the Resourceville School District to address the issue of youth substance abuse by developing community and school partnerships. Youth and Community Coalitions currently employs 3 full-time staff.

After several years, Youth and Community Coalitions became an independent 501(c)(3). It continues to offer youth development programming such as a yearlong youth leadership program to promote youth involvement in the community and Youth Network, which is an inter-agency coalition of interested youth ages 12 to 18 living in the greater Resourceville area.

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**Table 3. Participant Names and Roles**

<table>
<thead>
<tr>
<th>Organization and type</th>
<th>Identifying number</th>
<th>Pseudonym</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth and Families Agency</td>
<td>1</td>
<td>Nan Old</td>
<td>Board member</td>
</tr>
<tr>
<td>Type 1 organization</td>
<td>2</td>
<td>Ted Pawlesky</td>
<td>Management staff</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Mary Ann LeClaire</td>
<td>Frontline staff</td>
</tr>
<tr>
<td>Agency for Social Change of Resourceville</td>
<td>4</td>
<td>Kerry Mulder</td>
<td>Management staff</td>
</tr>
<tr>
<td>Type 2 organization</td>
<td>5</td>
<td>Karen Alden</td>
<td>Management staff</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Clara Hayward</td>
<td>Frontline staff</td>
</tr>
<tr>
<td>Youth and Community Coalitions</td>
<td>7</td>
<td>Peter Hertzel</td>
<td>Board member</td>
</tr>
<tr>
<td>Type 3 organization</td>
<td>8</td>
<td>Jim Burke</td>
<td>Management staff</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Rachel Kaufmann</td>
<td>Frontline staff</td>
</tr>
</tbody>
</table>
Data Collection

The primary source for organizational information was collected through semi-structured interviews with staff and board members from each participating organization (Appendix C). These one-on-one interviews were conducted face-to-face in a private setting: six occurred in informants’ workplaces, two occurred in the informants’ private homes, and one occurred in the researcher’s workplace. The interviews allowed staff and board members to provide factual information about their agency; and to also share subjective data, including personal perceptions of resource dependency, innovations and capacity to innovate, and organizational image and identity. All interviews were recorded in an unobtrusive manner, and then transcribed verbatim. Notes were also taken during the interview to record the researcher’s reactions to responses. Participants received transcripts of their interview in order to member-check the information they provided. Key informants were then able to verify the accuracy of emergent descriptions and themes and to provide additional information and observations (Creswell, 2003).

Documents were collected as a supplementary source of data. These included public documents such as annual reports, newspaper articles, and other archived material. These materials were used to support and verify historical information gathered through interviews, and provide an objective lens to the subjective observations, reactions, and beliefs that informed the interviews.

Data Analysis

The process of thematic analysis was used to identify emergent themes in the data (Flick, 1998; King, 1998). Interview transcription and review of documents was ongoing.
in order to refine the interview process, as well as to try to identify common ideas and concepts early in the data collection process. Analysis occurred throughout data collection as the researcher reflected upon and responded to information learned in the interviews and gathered through documents (Creswell, 2003; Silverman, 2000). The transcribed interviews were then shared with a group of four other researchers in order to triangulate the results and minimize the major threats to thematic coding, which include researcher projection and subjectivity (Boyzatis, 1998).

The research group then read each interview and independently developed a codebook of valuable or recurring comments. Each researcher then described each code’s meaning with a label. The group then met to discuss the codes they had developed and to order these codes according to emergent patterns and themes. The primary researcher then re-analyzed these themes in order to understand how they were related to each other and to the integrated theoretical framework of the study.

**Limitations and Threats**

This study sought to understand these organizations within the context of their community. The small sample size allowed for a descriptive case study of each organization, and enhanced the internal validity of the data analysis. Interviews were strategically conducted with different types of staff and board members in order to gain a well-rounded sense of the organization. There are, however, several limitations and threats to the study. In qualitative research, sample selection and data analysis can be subjective and biased; there can be a tendency toward ‘anecdotalism,’ which may not
show the representativeness or generality of the data; and the rationale for including data extracts may not be explained (Silverman, 2000).

Several steps were taken to counter these tendencies, and to strengthen the reliability and validity of the study. Firstly, selection triangulation was used to determine which organizations to use in the study. Secondly, participants received transcribed interviews and interview summaries in order to member-check the information provided and receive feedback. Thirdly, triangulation was used during the initial coding of the data to decrease bias regarding the data. Fourthly, the ongoing data analysis was shared with the researcher's advisor to receive feedback and discuss potential alternative interpretations of the data. Fifthly, peer de-briefing was used to check the selection of sites and the analysis. Finally, a reflexivity journal was maintained throughout data collection and analysis to record details about research activities, data collection, analysis, and personal reactions (Creswell, 2003; Silverman, 2000).

Consistent with a qualitative interpretavist approach, the findings may not be generalizeable to other organizations. The aim of the study, though, was to understand how individuals working within effective NHSOs perceived the concept of innovation in their agency and to describe specific organization-environment interactions.
CHAPTER IV

DATA ANALYSIS

The goal of this study was to examine how nonprofit human service organizations (NHSO) understand, perceive, and engage in innovation strategies in a turbulent environment. A total of nine front-line practitioners, managers, and board members from three NHSOs in Resourceville participated in the study. This sample’s participation enabled a preliminary understanding of how they viewed their agency’s capacity for innovation and responsiveness to the environment. The semi-structured interviews provided a forum for participants, hereafter described as staff and board members, to describe environmental changes faced by their agency, define innovation in the nonprofit sector, and describe the stability of their NHSO.

The study of organization-environment interaction is common across all organization types. Research into NHSO innovation, however, typically focuses on innovative programs and service delivery rather than how an organization can be more innovative and support the process of innovation (Hasenfeld, 1983; Iecovich, 2001 & 2005; Jaskyte & Dressler, 2005; Wheeler, 2000). The literature defines innovation as new processes or services intentionally developed to benefit or positively impact an individual organization or an entire organization type (Aldrich, 1979; Cohen, 1999; Hasenfeld & English, 1990; King, 2000). The participants in this study did not use the literature’s language and terms to talk about the concept of innovation. Instead, their narrow interpretation of innovation suggested that the nonprofit organization is valued for
being responsive, adaptive, and aware of its changing environment. How these organizational values describe innovation within the NHSO sector will be the focus of the chapter.

This chapter will describe the themes that emerged through data analysis. Due to the breadth of the research questions, the themes focused on innovation and change strategies, both of which touch upon resource dependency and political economy theories. The NHSO sector’s micro-view of innovation will be described. The chapter will also discuss how staff and board members perceived stability for their agency because it seemed to influence how they defined innovation within the NHSO sector. These staff and board members were concerned with developing both internal and external systems that supported the innovation process. The chapter will thus describe the internally focused themes: leadership development, organizational commitment, and role clarity. Then the chapter will describe the externally focused themes: the high demands placed on staff members, the perception of relationships as leverage, and organizational legitimacy.

1. **Micro-view of Innovation**

As previously stated, innovation is defined in the literature as an intentional strategy to develop new processes or services to improve an organization or sector. The staff and board members characterized innovation in narrower terms. They used descriptors such as “needs,” “gaps,” “opportunity,” and “special interest” to convey their understanding of innovation for the NHSO sector. Karen Alden, a manager from the Agency for Social Change captured the staff and board members’ typical definition of
innovation: “capacity-building, better meeting the needs of the community, just finding new ways to better use resources.” Nan Old, a board member, illustrated what innovation looked like to her by describing a recent fundraising campaign the Youth and Families Agency had undertaken in order to purchase additional property for their camp program:

I would say maybe another thing that happens with innovation is just an opportunity...all of a sudden that person decides to sell [property] and they [the agency] have to meet that opportunity...opportunity also creates innovation.

In general, the staff and board members defined innovation as identifying changing needs, service gaps, and opportunities in the community and then finding the resources to meet these. According to the subjects, the NHSO could not be innovative until it had the resources to support the innovation process.

These needs, gaps, and opportunities were not themselves innovative, rather they acted as a catalyst for innovation. The ability to scan for environmental trends has been found to positively influence an organization’s capacity to innovate (Jaskyte & Dressler, 2005; Schmid, 2004; Shin & McClomb, 1998). Peter Hertzel, a board member from Youth and Community Coalitions, summarized this boundary-spanning role, “I guess I think of it, this field, being driven by the needs.” This agency’s Executive Director, Jim Burke, further described this process in terms of the organization itself:

I think it’s adaptability to the circumstances that you’re in...whether it’s funding or any other kind of issue that you have to run into not of your doing, but being able to adapt to that.

These nonprofits, therefore, had the capacity to be innovative if they were responsive and adaptive to the changing community and funding landscape.
For the staff and board members, being responsive and adaptive tended to look like small-scale changes or tweakings meant to improve a program or process. In fact, staff and board members seemed hesitant to even use the term innovative to describe strategies, programs, and changes that were made in order to benefit their organization. This hesitance ranged from, “I’m trying to think here, every year we make these little changes that I wouldn’t necessarily call them innovations…” to “…I think that’s just a growth. I don’t think it is innovative.”

In their analysis of nonprofit organizational change Mulroy and Tamburo (2004) suggested that unanticipated changes occur during the implementation of new NHSO programs, and that to counteract this tendency leadership needs to scan the environment for trends. This conclusion can be applied to the implementation of large- and small-scale innovations in the selected agencies. Ted Pawlesky, Youth and Families Agency’s Program Director, talked about recently strengthening the camp’s staff training program in order to better meet the therapeutic needs of the camp’s changing population:

We had to make some changes in terms of our own training of staff...And that’s just something that we had to add to the program to make it viable. I don’t know if it’s considered an innovation, but it’s considered a response to the changing environment of our camp population.

Youth and Families Agency developed an intentional strategy to improve a component of their camp program in service to their clients and mission. Significantly, this was in part because leadership was aware of the changing needs of the client and gaps in their own service.

Youth and Families Agency’s Program Director, Ted Pawlesky, further articulated his own ambivalence about innovation within the nonprofit sector, “You know...in the nonprofit sector nobody comes up with the great, gestalt ideas.” His words
capture the micro-view of innovation that emerged during the data analysis. For these staff and board members, innovation did not look like the grand-scale, planned advances that tend to come from technology-based sectors such as medicine and engineering. Instead, innovation appeared to take the form of small changes and adaptations in response to the changing environment, as represented by client needs, resource opportunities, and emerging service gaps.

Ambiguity, though, remains for why the staff and board members tended to have a micro-view of innovation. Organizations tend to seek a state of continuity, but are also challenged to change in order to maintain their relevance and viability. For organizations, especially those in a turbulent environment, change and innovation threaten organizational stability (Huff & Huff, 2000; Pfeffer & Salencik, 1978). The NHSO sector, in particular, seeks stability within a changing funding and resource landscape. Many of the staff and board members acknowledged that this landscape strongly impacted innovation. Jim Burke, Youth and Community Coalition’s Executive Director, explained why he thought nonprofits struggle to create innovations that revolutionize the field or an organization’s delivery of services:

...The other piece of innovation, which at least in this specific quadrant of the nonprofit field that we’re in doesn’t exist a whole lot...is the thinking outside of the box, being willing to try something new and experiment sort of mentality...I think that’s truly what innovation should be...it’s not necessarily mandated by an outside source, but that it comes from within, and sort of revolutionizes what you’re doing. But doesn’t quite work...as much as we’d like to, because I think there’s this tension between...being that creative and having a best practices program because no one will fund anything that isn’t research-based or somewhat evaluated.
The micro-view of innovation seemed to reflect the continuity and change dilemma: change and innovation could improve the organization’s capacity, but it could also increase the organization’s dependencies or threaten its relationships with stakeholders.

The tension between an agency’s client needs, mission, and funding seemed to result in a narrower conceptualization of innovation because the NHSO operated in service to all of these respective mandates. This assertion can be further understood using political economy theory: an organization’s legitimacy is informed by its ability to fulfill its mission. At the same time, however, its access to resources is informed by its ability to satisfy funding mandates and inter-organizational responsibilities. These two objectives ideally intersect in the organization’s ability to meet its client needs, and thus fulfill its mission and express its legitimacy (Hasenfeld, 1992; Kramer, 2000; Mulroy, 2004). These objectives, though, can simultaneously restrict or constrain the innovation process. Karen Alden, Executive Director, talked about upcoming changes to how United Way would fund local programs and how this would affect the Agency for Social Change:

That’s going to have a big impact on us, and is something we need to be prepared for...because we’re very committed to our programs, but [we need to be] able to articulate whether or not the funders’ goals are meeting the program’s goals.

She anticipated that this environmental change would result in a re-evaluation of programming and funding expectations to find the optimum match.

In a similar way, Executive Director Jim Burke, talked about Youth and Community Coalition’s ongoing struggle for funding in a resource-strapped environment, “What drives us now is really the funding mandates that we have...It does require us to think outside of the box and try and find funding sources that would maybe not...
necessarily fund other organizations.” The Agency for Social Change seemed driven by its mission and goals and Youth and Community Coalitions seemed driven by funding mandates and opportunities. These different reactions to resource dependencies could reflect the influence of each agency’s distinct funding histories: almost 10 years before Agency for Social Change had re-committed to its goals and mission to drive its programming, and Youth and Community Coalitions was in the midst of a strategic planning process to regain organizational focus. Each agency had responded to the demands of its stakeholders in different ways. This study’s analysis begins to suggest that NHSOs may be more restricted in their capacity to be innovative because of the demands of overlapping and multiple stakeholders.

The sampled staff and board members defined an innovative NHSO as one that is internally flexible and adaptive to emerging needs, gaps, and opportunities through resource acquisition and capacity-building. These NHSOs strived to be responsive, but depended upon external resources to actually meet these needs, gaps, and opportunities. To some extent, this seems to reflect the resource dependency theory: organizations exchange inputs and outputs in an attempt increase their stability and control (Bediean, 1984; Mizruchi & Galaskiewicz, 1994; Pfeffer & Salencik, 1978). Jim Burke, Youth and Community Coalition’s Executive Director, described why he thought it was challenging to be innovative in the NHSO sector, “You have pressure to accept the innovation that someone else has labeled is innovative rather than doing stuff from within.” His observation implied that, in this example, power and control, most likely of funding streams, are linked to the NHSO’s capacity and inclination to be innovative. Additionally, Galaskiewicz and Bielefeld (1998) have cautiously asserted that innovation
seemed to more readily occur when nonprofits used internally focused strategies. The NHSO may be aware of what the needs, gaps, and opportunities are in its environment; its ability to be innovative depended upon external resources and internal support.

2. **Stability**

For the most part, staff and board members recognized the value of innovation in maintaining their agencies’ relevance and viability. They seemed to define innovation in narrow terms because of how they talked about the stability and future of their agencies. They focused on the following issues when talking about innovation and stability: the alignment of mission with services and funding streams, the ability to meet the needs of the client, being responsive to address gaps in services, and the capacity to take advantage of opportunities in the community.

The continuity and change dilemma became apparent when staff and board members were asked to describe what their agency might look like in the future. Staff and board members hoped for continuity of the agency, but were aware that change might have to happen for the agency to maintain its effectiveness. Ted Pawlesky, a Program Director, described his hopes for Youth and Families Agency, “I’m hoping for not too much change to be honest with you.” Nan Old, a board member, made a different point about continuity and change: Youth and Families Agency had been founded 150 years before as an adoption agency. Yet, the agency was currently wrestling with whether they were the best agency to provide that service given environmental changes such as laws, policies, and demographics regarding this practice. She concluded that:

I think you’d have to keep innovating and growing and changing with the times. Again, if you stop meeting the needs of the time, you just become sort
of a dinosaur... That's a real example of how you just, you can't sort of keep doing the same things forever, you'll become outdated.

Her words expressed the very real tension between continuity and change: environmental changes could require an organization to change even as it seeks stability (Huff & Huff, 2000; Pfeffer & Salencik, 1978). The risk of changing or innovating must be compared with the risk of being unresponsive to environmental change.

The following example can illustrate the benefits and threats that confront an organization when it struggles with the continuity and change dilemma. Jim Burke, Executive Director, described the challenges he faced when he first tried to interest other agencies in an innovative program Youth and Community Coalitions was trying to pilot in the community:

We will need to find funding to sustain it, but I will at least get us through a pilot. The work I had to do to get people to be open to that was absolutely bizarre to me. But again there was that real resistance to something new, resistance to something that hasn't been proven yet. Rather than looking at... the potential that exists.

This innovative program represented a real risk for potential partners because it would require an investment of staff and time. Additionally, long-term resources were not guaranteed to sustain the program. Changing might have helped other local agencies to better meet the needs of their clients, but it also might have hurt their overall stability.

The staff and board members seemed to view needs, gaps, and opportunities in the environment as driving the innovation process. The continuity and change dilemma is driven by these same factors. These staff and board members anticipated that whatever changes the agency might undertake in the future would be in response to environmental changes. Nan Old, a board member from Youth and Families Agency, projected that the
agency would continue to fulfill its mission through the delivery of services, but that these specific services may change:

I guess it’ll look [like] whatever families look like ten years from now...depending on which spoke of that increases in need, if there are more single families out there, or two-parent families.

Those needs, gaps, and opportunities that drive innovation seemed most likely to determine how the agency would change and grow over time. Growth and change could be risky for organizational stability, but it could also be an opportunity to better meet the needs of clients, respond to gaps in services, and build capacity.

These NHSOs’ micro-view of innovation appeared to be dictated by the priority placed on stakeholder needs and agency mission. Kerry Mulder, Executive Director for the Agency for Social Change, described the power that funding and resource mandates have in dictating what the sector’s programming looks like:

I think [the Agency for Social Change’s] challenge will be not to get sucked up into that and to really understand what the work is about and stay committed to that grassroots change. Which is also what I think our strength is...We don’t get pulled off and somebody else’s agenda doesn’t become our agenda. And sometimes we get a little sucked into it, but we always come back.

She looked for an “optimum fit” between the Agency for Social Change’s mission, goals, and funding (Mano-Negrin, 2003, p. 26). Staff and board members tried to be innovative within the limited resources of their agency, but changing stakeholder and environmental demands seemed to increase the risk of investing in the innovation process.

When staff and board members discussed innovation and stability, they talked about internal and external factors that influenced their agency’s behavior. The line between the internal and external was oftentimes blurry and porous for these staff and board members, and the following structure is simply meant to organize the themes. The
following sections will look at internal themes related to innovation: leadership development, role clarity, and organizational commitment. The subsequent section will look at external themes related to innovation: demands on staff, legitimacy, and relationships as leverage.

**Internal Factors that Affect Innovation**

Staff and board members defined innovation as identifying changing needs, service gaps, and opportunities in the community and then finding resources to meet these. They talked about factors and systems that helped their organization to accomplish this process. These internal systems included leadership development, role clarity, and commitment and passion. Staff and board members placed a high degree of priority on how these factors contributed to the overall capacity of the agency. Moreover, many expressed real concern for strengthening these systems for the stability of the agency.

3. **Leadership Development**

Within this sample, internal leadership had a significant impact on each agency’s behavior. The staff and board members stressed the importance of strong leadership for all levels of their agency. While this is an unsurprising theme, various staff from all participating agencies made reference to the affect that recent leadership changes had on the direction of their agency. Staff and board members suggested that it was external change that drove innovation, but it was the agency’s board, management, and frontline leadership that gave their agencies the capacity to act on these external drivers.
Boards of Directors link organizations to their environment and are integral to the organization’s strategic planning process (Iecovich, 2005; Pfeffer & Salencik, 1978). The sampled NHSOs credited the Board of Directors with providing the vision that enhanced the agency’s capacity to innovate. Peter Hertzel, a board member, talked about the board of Youth and Community Coalitions recent struggle, as a young agency, to define the direction the coalition would take:

[The board has] been well-represented, but we’ve not all been on the same page with where we want to go...And it’s been an ongoing division: are we a program or are we a coalition-builder; are we going statewide or are we going to stay local. And I think we’ve gone through a process of making a lot of those decisions and now people coming on the board are coming on with those solid components and understanding what [Youth and Community Coalitions] is doing.

Without clear direction, Youth and Community Coalitions had to focus its energies on developing a cohesive board, organizational vision, and resource strategies before it could support innovation within those parameters. When the board leadership faltered, the agency itself faltered: it had a difficult time clearly expressing its mission through programming and its role to the larger community. For these agencies, the Board of Directors led the agency by envisioning and articulating its direction and growth.

The Board of Directors provides the vision for the agency, but it is the management level of leadership that must translate that vision into programs and services. Nan Old, a board member, talked about a change in Youth and Families Agency’s executive leadership and the consequences for the vision of the organization: “There’s been a new person who’s been in charge, and that always brings some change and a little different emphasis.” Nan Old felt like the leadership remained strong throughout this process. For other agencies, though, a change in leadership can mean
even larger changes for an organization. Kerry Mulder, the Agency for Social Change’s Executive Director, talked about the challenges she faced when she was first hired. At that time, she had felt that the board’s vision was disconnected from the agency’s programs and services. This prompted the redevelopment of the board as well as intentional strategies to align the agency’s mission with its programming and funding:

As I was coming to know the [Teen Programs] I was having a really difficult time matching with the language that was in the grant…until we finally recognized that it was keeping us from running mission-based programs…We gave up that funding source and that was the liberation of our Teen Programs because we were able to start from scratch, and say what our goals were going to be, and then get (that) funded…it made our programs stronger.

While these risks paid off for the Agency for Social Change, Kerry Mulder’s guiding vision for the organization helped that transition to be successful. From a political economy perspective, these overhauls also seemed to represent deliberate steps to increase organizational control over areas of power, such as resource dependencies, and legitimacy, by realigning mission with program.

When staff and board members talked about board and management level leadership they tended to focus on how this leadership created and guided the macro-vision of the agency. This visioning of mission and goals seemed to provide the framework for frontline staff to successfully implement programs and services. Youth and Families Agency’s Camp Director, Mary Ann LeClaire, described the importance of skilled and knowledgeable counselors to create a successful camp program, “It’s not a place where you can have just anybody come in and be a counselor because these are kids that need to be supervised.” Meeting the needs of the camp’s clients drove her high expectations for the counselors and the value she placed on staff training. Youth and
Families Agency’s board member, Nan Old, also emphasized the quality of programs and services for the client:

I think that’s just a challenge of personnel and finding willing people, good people. Good people in many different aspects; knowledgeable, but also the skills that you need for camp and the skills that you need for those kinds of kids.

The agency’s programs and services are supposed to express the mission and goals of the agency; frontline leadership is integral to this legitimizing process. Frontline leadership, though, needed the skills, training, and communication channels to be successful.

Organizational leadership can support staff to be innovative. Leadership styles that are adaptive to needs and resources, that support or advocate for innovation, and that invest resources in the process are cited as important to organizational innovation (Cohen, 1999; Hyde, 2004; Jaskyte & Dressler, 2005; Kimberly & Evanisko, 1981; Shin & McClomb, 1998). Kerry Mulder, Executive Director, characterized the Agency for Social Change’s Teen Program staff member, Karen Alden, as innovative:

I think it was really innovative of us, of me, to let her run with that set of skills...And so she spent a fair amount of experimental time (in the beginning), but the investment was clearly worth it.

Again, Kerry Mulder recognized the potential risk in the innovation process, but more significantly viewed this process as a long-term investment for the program and agency. Moreover, innovation is not a top-down process, but can arise from any of an organization’s stakeholders (Cohen, 1999). The Agency for Social Change was able to better articulate its mission and positively impact its resource acquisition strategies by having and nurturing leadership that could be innovative.
4. Role Clarity

The staff and board members talked about the different ways board members, managers, and frontline staff contributed to organizational effectiveness. Board and staff perspectives appeared to represent macro- and micro- ways of envisioning their role in the agency. Kerry Mulder, the Agency for Social Change’s Executive Director, captured the tension between the different perspectives that board members and staff bring to an organization:

That tension is staff are myopic about the programs; the board is supposed to have a larger vision. And when those two things are working in partnership then the board is supporting the staff and the staff is supporting the board. And they’ve got the larger vision; we’re the people who actually put that in motion and in place...that’s the tension...

This tension allows board and staff to support each other. More significantly, it appears to give staff and board members the capacity to be innovative within their global or local views of their organizational role.

For example, board members saw their role as providing the global vision of the agency. They accomplished this by supporting the agency’s mission, providing the overarching direction for the agency, and developing external relationships. Nan Old from Youth and Families Agency described her role as a board member, “To be a liaison between the agency and the community.” Peter Hertzel, Youth and Community Coalition’s board member, articulated the board’s role further:

Supportive of its mission and what it is hoping to achieve, to do...more strategically to take a look at helping to develop the strategic planning, strategic initiatives that the staff, the community can kind of move forward with a solid direction as to where [Youth and Community Coalitions] needs to go.
These board members were aware of their responsibility to the macro-level of the organization. Innovation happens within the boundaries of this vision.

The frontline staff’s responses reflected the narrower vision brought to direct service delivery. Most frontline staff had internalized the message of their agency’s managers and board members. For example, staff member Clara Hayward internalized the Agency for Social Change’s direction, and with this understanding she had the capacity to look for resources that supported the day-to-day requirements of one of the programs within the agency:

There’s parts of it that I see as not being in my power...I don’t have a lot of control over what’s going to be happening...we’ve been working together to look at different grants, and funding, and donations, and things like that, that we can be getting to help us out...the kind of filling in the gaps...So they’re doing the big picture stuff; we’re getting sort of the smaller.

She is able to look for resources because she knows and understands the Agency’s mission and goals. Her understanding of the board and manager’s macro-vision gave her the opportunity to be innovative within her micro-vision of the organization. These two selections highlight board and staff who are in sync with their respective roles for the agency.

Sometimes, though, there is a tension between these macro- and micro-perspectives. The selected Executive Directors seemed to represent a bridge between the board and staff perspectives. Karen Alden, a manager, expressed some of the frustration she had felt toward the Board of Directors during a period of transition for the Agency for Social Change, “the board wasn’t really seeing us the way we were seeing us.” Kerry Mulder, the Executive Director, described this tension further when discussing the long-term process of rebuilding the agency’s Board of Directors:
I think we were kind of flip-flopped, although the board... are the people who are guiding the agency, for much of that ten-year period it was me who was doing all of that... I would say right now that we’re in a place where the roles are just about to shift again: the board is taking its place as the Board of Directors, as the visionaries for the organization; and that is going to cause some tension, but that tension is what makes nonprofits healthy...

Karen Alden adapted her role to fit the needs of the agency, with a primary goal of re-developing the board to understand their traditional role as visionaries for the Agency. This could reflect the “boundary-spanning” leadership characteristic, which is important to interpreting threats and opportunities in the environment (Gioia & Thomas, 1996; Mano-Negrin, 2003; Schmid, 2004).

Mano-Negrin (2003) described this in her analysis of NHSO effectiveness:

The main role in adapting to such environmental influences lies in the hands of reliable “boundary spanning units,” which are empowered to achieve and further support legitimacy of the organizational goals...[NHSOs] are nevertheless more likely to adapt to environmental influences through “responsive” structures and “compatible” managers. (p. 41-42)

For the Agency for Social Change, a crucial step to develop the organization’s capacity to be responsive involved empowering stakeholders to understand and fulfill their roles and responsibilities to the organization.

These “boundary-spanning” activities require a balance between an organization’s internal and external orientations. For the Agency for Social Change, redeveloping the board probably entailed an external orientation focused on relationship-building and legitimation strategies (Schmid, 1992, 2004). At the time of this study, the Agency for Social Change had recently shifted to a more internal orientation in order to support a major staff restructuring. Karen Alden, the Executive Director described the effects of expanding the management team:

We’ve done the staff reorganization, where we promoted some people, created a management team that we had never had before. And now we have to go in behind that...we’ve gotta all get into the same place. There’s
nothing staff people like less than not knowing what's expected of them. I think that can be very frustrating for everybody, and we've got some work to do.

The goal of this internal orientation was to delegate authority and develop staff leadership and effectiveness (Schmid, 1992). Schmid (2004) described the tension between the internal and external organizational needs and goals in his examination of NHSO leadership and the management of organization-environment relationships:

In this process, executives in human service organizations should also mediate between the existing and potential needs in the environment on the one hand, and the organization's abilities and capabilities to respond to those needs on the other. (p. 108)

The Agency for Social Change focused inward in order to develop its ability to operate in a changing NHSO environment, and it probably will re-engage in a larger external orientation after strengthening its internal capacity. Staff and board members' collective understanding of mission, programming, and expectations seemed to enhance the agency's ability to be innovative: internally flexible and adaptive to emerging needs, gaps, and opportunities through resource acquisition and capacity-building.

5. Organizational Commitment

The sampled staff and board members described their own commitment and passion for their agency's vision, mission, programming, and clients, as well as that of community partners and donors (Hasenfeld, 1992; Hasenfeld & English, 1990; Schmid, 2004). Staff and board members did not discuss why agency and community members were so committed and passionate for the work of the agency. The literature regarding employee commitment is inconclusive (Lewin & Kim, 2004). One hypothesis that emerged from the data analysis was that staff and board members seemed to view
themselves as stewards for their agency’s mission. This observation is informed by Gardner’s (1990) writing on leadership:

In recent years a good many American corporations have concluded that workers who make commitments to their work and find meaning in it perform more effectively. The likelihood of such commitments is increased if they come to see quality of product as a source of self-respect and ultimately respect from the community; if they see service to customers as a source of pride... if they feel proudly involved in decisions concerning their work... (p. 190)

Staff commitment has been referred to as a “change lever” in organizational improvement because committed staff are invested in fulfilling organization mission and goals (Cohen, 1999; Woodman & Dewitt, 2004).

Committed staff and board members are attached to the organization, want to keep working for the organization, and are invested in attaining organizational goals (Woodman & Dewitt, 2004). These staff and board members’ passion and commitment seemed to be derived from the agency’s commitment to its own mission and service delivery. Karen Alden, who had recently been promoted to a managerial position, expressed her passion for strengthening the Agency for Social Change’s service delivery and legitimacy:

We’re really recommitting to our mission, and really looking at what it means, and what it means for how we deliver our programs, and how and what our priorities are, and where we put our energy. And I really want to put my energy toward that.

Staff and board members truly believed in the value and purpose of their work, which seemed to drive their passion and commitment to the larger agency.

Even more striking is Mary Ann LeClaire’s anecdote in which she described the typical employee for Youth and Families Agency. She felt that other co-workers seemed to be motivated to think outside of the box and push the boundaries of what the agency
could do and provide for its clients because people were so committed to the mission of the agency:

...That’s why I think nonprofits work, because we have people who are willing to give up their family time, give up their weekend time, and really dedicate themselves to their job...It was amazing, they’d come in from the weekends and be like, ‘God, I got this and I saw this and it was on sale, and I figured that’d be great for (this client).’ And I’m like, ‘God, it never stops.’ You just can’t let it out of your mind, but I understood that because I was the same way, you just can’t let it out of your mind.

Frontline staff’s commitment to their agency’s mission, goals, and clients inspired their stewardship.

A high level of commitment was also present in the participating agencies’ donor and community relationships. These organization-community relationships were seen as integral to the agency’s effectiveness. Mary Ann LeClaire described how important volunteers were to her as Youth and Families Agency’s Camp Director:

It’s just amazing, [the volunteers] definitely kept the walls together for the camp, and we all just went around and did the paperwork. The volunteer workers, they were there when I wasn’t there.

Volunteer inputs enabled the agency to fulfill its mission and meet its goals. Community inputs also provided another forum through which to disseminate the mission and work of the agency. Karen Alden, Executive Director, talked about the Agency for Social Change’s role in a community partnership:

We learned early on in that process that we had to accept the administrative role: we’re the people who call meetings, we take the minutes...We just don’t let go of it...it’s not as important to anybody else in the community...We don’t make it hard for them. We want them to be engaged and we recognize that that’s our responsibility.
Obtaining and maintaining the engagement of other partners helped the Agency for Social Change to manage its role and legitimacy in the community. Staff and community commitment were important supports for each agency's capacity to meet its mission.

**External Factors that Affect Innovation**

An organization is effective through its capacity to meet its goals and fulfill its mission. It is an extrinsic measure of an organization’s ability to serve the needs of its various stakeholders. When staff and board members discussed environmental factors that influenced their agency they talked about challenges to its effectiveness. These challenges included the high demands on staff and the agency’s legitimacy and public perception. External relationships was another important theme that staff and board members saw as a challenge and an important tool to leverage resources. When talking about these external factors, staff and board members seemed to have a heightened awareness of their agency as a member of a shared environment. This in turn seemed to express the tension between large-scale continuity and change that these agencies faced.

6. **Demands on staff**

The sampled staff and board members were concerned with the high demands the NHSO sector placed on front-line staff. The sector's high turnover rates and struggle to develop a long-term, skilled workforce are outcomes of this demanding environment (Salamon, 2002). The resource dependency perspective posits that access to resources impacts organizational performance. These resources are inter-related: material, human, and symbolic (Farmakapoulou, 2002; Mizruchi & Galaskiewicz, 1994; Pfeffer &
Salencik, 1978; Schmid, 2004). Human resources are key to organizational effectiveness and stability, however, resource allocation determines what can be invested in staff development, support, and training.

There seemed to be a tension between an agency’s ability to successfully meet the needs of their clientele while also meeting the long-term development, support, and training needs of staff members. Frontline staff members talked about the challenges in working in a youth development agency. Mary Ann LeClaire, Youth and Families Agency’s Camp Director, focused on the challenge of working with a youth population, “You need support for the counselors. It’s stressful for them here and dealing with the kids all day.” Karen Alden, a manager from the Agency for Social Change, talked about the affect deficient resources can have on staff:

It’s not like you add a staff to the agency, then a new computer is purchased. It’s like: where can we workshop or rehab some other computer and set this person up.

Both of these examples stress the need to support staff through professional development and access to technology. Nonprofit organizations are characterized by their commitment to their clients and the centrality of organizational mission in driving strategy (Austin, 2002; Hasenfeld, 1992; Salamon, 2002; Smith & Lipsky, 1993). These two features seemed to inspire staff and board member commitment to their agency. It also suggested, though, that resources might be allocated to meet client needs and mission goals before they would be allocated to staff support, development, and training. For staff to be effective in meeting the needs of clients and fulfilling their agency’s missions, however, requires an investment of resources.
The demands on staff affect not just the day-to-day delivery of services, but also the long-term development of the field. Nan Old, Youth and Families Agency's board member talked about this as a problem of human resources, "We just need to address that; you need to start recruiting people, and paying them better, and providing more educational opportunities." Staff are challenged to deliver quality programming when they have limited access to technology, little economic incentive to advance in the field, and little control over the changes they must deal with on a day-to-day basis. Commitment and passion may empower staff and board members to be innovative within their respective roles, but investment by the organization is needed to sustain this commitment (Cohen, 1999; Woodman & Dewitt, 2004).

7. Legitimacy

The staff and board members were keenly aware of how the community viewed their agency. They seemed to make a connection between the legitimacy of the organization and its interconnectedness to a shared and competitive environment. The political economy theory can be used to understand how these agencies maintained their legitimacy and defined their mission and role through their management of resources and organization-environment interactions (Hasenfeld, 1992; Kramer, 2002; Mulroy, 2004). Staff and board members talked about the alignment of their agency's mission and programs with funding mandates. The continuity of the agency's mission and sense of legitimacy, however, was contrasted with the economic climate, changing funding priorities, and the agency's resource dependencies.
For the sampled staff and board members, their strong sense of mission seemed to symbolize their agency's legitimacy. They identified needs and gaps in the environment in terms of their agency's mission: Youth and Families Agency described the changing emotional and behavioral needs of the low-income youth they served; the Agency for Social Change described the gap for gender-specific programming in the local area; and Youth and Community Coalitions described their role in filling the need for coalition-building among service providers in the community. Staff and board members were aware of how their agencies' mission and goals could meet the needs and gaps in the community, but they also articulated the challenge in finding resources aligned with their mission.

Organizational legitimacy was impacted by the search for funding and resources. Staff and board members talked about the stigma associated with "chasing dollars." Peter Hertzel, a board member, described Youth and Community Coalition's struggle to find appropriate funding to build coalitions within the community:

> Again, that was a period of time where we flip-flopped back and forth with programming; we flip-flopped back and forth with the direction [of the agency]...but I think whenever you chase dollars you end up losing a little bit of credibility in the community and I think the community sensed that.

Youth and Community Coalitions felt like it had to find a compromise between its funding and mission in order to operate. The political economy framework underscores the consequences of this compromise: obtaining resources that were not representative of its organizational mission and goals negatively impacted its legitimacy and reputation in the larger community.

Youth and Community Coalition's ability to be effective within the community was hurt because the agency had moved away from fulfilling its mission in order to
receive stable funding. This illustrates some of the risks involved in change: although the agency sought stability through this change in funding and goals, these changes also brought instability and a loss of legitimacy in the community (Pfeffer & Salencik, 1978).

Jim Burke talked further about the effects of the continuity and change dilemma for Youth and Community Coalitions:

It was clear to the community...actually no one knew what we were doing. And I say that as someone...who has worked outside of this organization and watched it for many, many years thinking to myself: what is that organization doing...

In failing to align mission and programming, Youth and Community Coalitions hurt its legitimacy and reputation within the community. If NHSOs tend to already be more restricted in their capacity to innovate, the energy, strategy, and resources necessary to re-establish an organization’s legitimacy may be diverted from the innovation process.

8. Relationships as Leverage

Developing and maintaining relationships external to the organization was an important resource for leveraging the organization’s position within the community. These relationships ranged from donors, coalitions, partners, affiliates, and collaborators. Staff and board members engaged in an open-system through these interactions: they were aware that these relationships involved both agency inputs and outputs. While the goal of an organization is to reduce their resource dependencies in order to gain greater control over their environment, organizational stability and control can be achieved through a strategy of collaborations, partnerships, mergers, and community involvement (Bediean, 1984; Mizruchi & Galaskiewicz, 1994; Pfeffer & Salencik, 1978). Indeed, these NHSOs seemed to value the stability, control, and capacity they gained from...
relationship-building more than they were concerned with their dependency on external organizations.

The selected staff and board members seemed to talk about relationships in a similar way to how they talked about innovation: relationships helped agencies to meet their resource demands. Nan Old, a board member, described how Youth and Families Agency started a new and innovative program, "The Rotary Club getting involved was huge momentum." Their Camp Director, Mary Ann LeClaire, also emphasized the value of these community partnerships throughout her interview stating, "It was building those kinds of relationships that make the place run." These NHSOs tried to be innovative by exploring new partnerships and relationships so that they could continue to meet the needs, gaps, and opportunities in their environment.

Partnerships, collaborations, and coalitions appeared to be valuable tools for meeting the needs, gaps, and opportunities in the environment. Staff and board members seemed to recognize that these relationships enhanced their agency’s capacity to grow and to be innovative. Kerry Mulder, the Agency for Social Change’s Executive Director, even went so far as to define innovation in terms of external relationships cultivated in the shared environment:

Innovation is being able to come to that community table and imagine what your piece of that community work can be and to make some contribution, to do some planning within whatever resources you have available to do that without owning it...And the other piece of that would be recognizing when you have to take leadership and when you have to let the leadership go.

The "community table," then, becomes another opportunity to fulfill the agency’s mission. The tension, which Kerry Mulder highlighted, is between the organization’s
internal orientation and capacity and its external role at that community table in relationship with other organizations.

Most significantly, however, the Staff and board members saw collaborations, coalitions, and partnerships as resources to leverage their own capacity. Executive Director, Kerry Mulder, talked about the Agency for Social Change’s collaboration with Resourceville’s Police Department to meet a service gap in the wider community. She viewed this as the Agency for Social Change’s best relationship, in part because it drove each agency to share their resources while also fulfilling each agency’s distinct goals and mission. This collaboration, however, was threatened when funding needed to be renewed:

Our funding was up last year... If we hadn’t gotten that grant, that whole collaboration could have fallen apart, that relationship could have fallen apart; and it wouldn’t have been anybody’s fault if it did because people can only do what they can do within the resources they have on the table.

The funding had initially inspired the Agency for Social Change and the Police Department to embark on an innovative collaborative. In the same way, a lack of funding threatened the capacity of both organizations to support this relationship.

These staff and board members emphasized the value of collaborating and building relationships within their shared environment, but were also very aware that they competed for limited resources and funding with these same collaborators and partners. Nan Old, Youth and Families Agency’s board member, talked about the quandary faced by NSHOs looking for funding in a shared and restricted resource space:

You’re competing for the same dollars, the same grant money, and the same federal money and yet, well you always have to keep that mission in mind, which is to help as many people as you can possibly help.
These agencies had to align goals and mission with funding without damaging another resource in the process: their partnerships with other organizations.

These agencies seemed to value interorganizational relationships for the capacity and resources they contributed more than for the inter-organizational dependencies they simultaneously created. The political economy perspective stresses how competition and "mission-creep" impact an organization's power and legitimacy. Peter Hertzel, a board member, talked about the consequences for Youth and Community Coalitions after it struggled to articulate its overall direction through clearly aligned programming and resources:

I don't know if we were competing for the same dollars with other organizations...that gets very, very difficult when you have not-for-profits trying to work together. And dollars aren't always as prevalent as we would like them to be. And I know that sometime during that period we lost a very solid relationship with one organization, and I think that certainly harmed us; that has been rebuilt.

Youth and Community Coalition's struggle to match mission and goals with funding resulted in a loss of legitimacy in the larger community and between previous partners. In other sectors, competition typically drives innovation, but in the NHSO sector it seemed that competition diverted resources from the innovation process, whether it be to re-build relationships or re-engage with the shared community landscape.

**Conclusion**

For these staff and board members, innovation seemed to happen where organizational flexibility intersected with the changing needs, gaps, and opportunities found in the environment. Innovation was not usually considered a distinct strategy, but was embedded in each agency's ability to deal with day-to-day contingencies. An
agency's responsiveness was supported and held back by the quality of its leadership; commitment from staff, board, and the community; staff and board clarity of roles and expectations; ability to engage in relationships; and legitimacy in the community. These themes seemed to be two-sided: for instance, relationships could contribute resources to the agency, and also re-direct energy away from the agency.

These themes support what the literature has already demonstrated about organizational structure and organization-environment interactions: it may be easier to individually explore each concept, but they impact each other. An organization's structure influences how it responds to environmental changes, and this response then influences the environment. For these NHSOs, stability could be interpreted as an organization's ability to be responsive and innovative to the changing challenges and opportunities in their environment and internal structure.

These NHSOs' inputs and outputs were interconnected; how an agency used its human, material, and symbolic resources seemed to impact its capacity to innovate and overall legitimacy. The next chapter will discuss these findings, implications for practitioners, and recommendations for further research.
CHAPTER V

DISCUSSION

Summary and Discussion

This study explored how nine staff and board members working in three youth serving nonprofit human service organizations (NHSO) understood innovation as a concept and a process. The primary research question asked: How does an organization understand, perceive, and engage in innovation strategies in a turbulent environment? This question looked at:

1. How nonprofit human service organizations respond to environmental change, including external resources and competition.
2. The relationship between an organization’s capacity for innovativeness and how it responds to external constraints.
3. Whether an organization’s dependence on external resources affects organizational innovation.
4. Organizational characteristics (size/typology, age, structure) that may affect ability to respond to environmental change.

The themes that emerged through data analysis were able to bring insight to the primary research question and sub-questions 1 and 2. The breadth of the subsidiary questions, however, did not match the scope of the study. Upon review, sub-questions 3 and 4 suggest the need for a quantitative or mixed methodology, which this study did not undertake. Instead, these questions could be explored in future research.
When staff and board members talked about innovation, they revealed that this process is not typically an explicit part of organizational strategy or planning; instead it is a part of the daily behavior of the agency. For these NHSOs, innovation is a practical process: it is the ability to identify and respond to needs, service gaps, and opportunities in the community as well as find resources to meet these.

Staff and board members talked about both environmental and internal change; their responses suggested that it did not make sense to talk exclusively about external change in the interview process. Instead, the results of the semi-structured interviews coalesced around internal and external components that drove or hindered the innovation process for these agencies: leadership development, organizational commitment, role clarity, high demands placed on staff members, relationships as leverage, and organizational legitimacy. These themes suggested that staff and board members were keenly aware of how an open-system of inputs and outputs impacts their agencies’ overall capacity.

In this study, the political economy and resource dependency theories highlight how legitimacy, power, and resources affect an organization’s capacity to be innovative. These staff and board members defined innovation as responsiveness to needs, gaps, and opportunities; their agencies’ capacity to be innovative was driven by legitimacy in the community and access to resources. This theoretical framework suggests that NHSOs may be more innovative than they are given credit for because they do so in response to their changing environment.
Limitations

This study was initially designed to include nine organizations and the organizational typology was intended to inform analysis. In a larger study, the typology would have been more appropriate and could have provided more insight during analysis. The typology was still helpful in terms of sample selection and to examine how these types used innovation, but conclusions cannot be made based on three organizations.

Purposeful snowball and intensity sampling techniques were used to select the sites of study. The goal was to look at three effective and innovative organizations within one community. Organizations that more explicitly embraced the process of innovation as part of their organizational culture could have been targeted if the geographic boundaries of the study had been expanded. This, perhaps, could have provided deeper insight into nonprofit innovation strategies and processes, and is an area for future research.

Practical Implications

Data collection was a rewarding process; it was encouraging to hear staff and board members talk passionately about the mission, goals, and work of their agencies. A better understanding of what innovation means and looks like to people in the field is empowering: it allows the sector to acknowledge how they are innovative and to look for those needs, gaps, and opportunities to continue to be so. Being innovative may not bring stability to an organization, but it is a strategy for continuity; an organization’s responsiveness is a step toward maintaining an organization’s viability.
Most importantly, though, it suggests ideas that may make an organization more adaptive and responsive to environmental pressures:

1. A micro-view of innovation is valid and worthwhile. Small tweakings made to improve an agency or service may not revolutionize the field, but can represent real innovation for an agency and its ability to meet the needs of its clients and fulfill its mission.

2. Organizational continuity is a priority, but this should be coupled with boundary-spanning activities to meet changing needs, service gaps, and opportunities that may arise in the environment.

3. Leadership and clarity of roles needs to be developed and supported within all levels of an agency. Healthy Boards of Directors are needed to sustain the vision and interpret the mission of the organization. Frontline staff need to understand this vision and what it looks like as a service or program in order to innovate within their role to the agency.

4. Staff and community commitment enhances an agency's capacity to effectively meet its mission and goals. The demand the NHSO sector oftentimes places on staff necessitates an investment in the human resources because it represents an investment in the effectiveness of the agency.

5. An agency operates and fulfills its mission for multiple stakeholders: clients, staff, board members, funding bodies, and the community in which it operates. Its legitimacy is affected by how it searches for funding and shares its resource space in service to these various stakeholders.
6. Engaging in relationships, collaborations, and partnerships with other agencies can be an important tool for leveraging an agency's resources and more effectively meeting the needs of clients.

**Recommendations for Future Research**

This exploratory study elucidated the need for more focused research within the NHSO sector. There is always a need for longitudinal research, and this could be relevant to better understand: how innovation occurs, what happens to an organization after an innovation has been implemented; and how can an organization strengthen its capacity to innovate. In addition, these staff and board members described a micro-view of innovation. Some even expressed ambivalence about innovation within the NHSO sector. A practical question is: How can innovation within this sector be better validated and recognized?

One question that emerged from data analysis was: How can an agency continue to fulfill its mission when obligated to be responsive to its clients, sources for funding, and the changing environment? NHSO legitimacy is a concept and problem that needs further exploration for its potential implications to individual agencies and their ability to effectively use and invest resources in program services, staff, and the innovation process.

Most significantly, the ideas and concepts used in social network analysis seemed relevant throughout the data collection and data analysis processes. Further exploration into relationships, networks, and other inter-organizational structures that agencies use to leverage and manage their resources is a useful next step in this research project.
Conclusion

This study focused on questions about nonprofit human service organizations, their capacity to innovate, and how they interacted with a shared environment. These questions arose, however, because organizations that serve our youth are vital to healthy communities. We need healthy and sustainable youth development agencies to effectively fulfill their missions because it means they are better serving their youth clients. The necessity of this type of research within the NHSO sector can be summarized as:

Sustainability is a concept not often associated with the community service sector. This is curious given community service organizations experience ongoing issues of financial viability and questionable levels of adequate organizational capacity. It is also curious because community service organizations play such an important role as social institutions building capacity of individuals and community and collective efficacy. (Kramer, 2000, p. 284)

The themes that emerged throughout this process provide some insight into how staff and board members working within this sector perceive their own agency’s sustainability and capacity to innovate. It provides qualitative evidence of how nonprofit human service organizations leverage their resources to serve their stakeholders.
REFERENCES


September 27, 2005

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IRB #: 3508
Study: Nonprofit Human Service Organizations & Environmental Change
Approval Date: 09/26/2005

The Institutional Review Board for the Protection of Human Subjects in Research (IRB) has reviewed and approved the protocol for your study as Expedited as described in Title 45, Code of Federal Regulations (CFR), Part 46, Subsection 110.

Approval is granted to conduct your study as described in your protocol for one year from the approval date above. At the end of the approval period, you will be asked to submit a report with regard to the involvement of human subjects in this study. If your study is still active, you may request an extension of IRB approval.

Researchers who conduct studies involving human subjects have responsibilities as outlined in the attached document, Responsibilities of Directors of Research Studies Involving Human Subjects. (This document is also available at http://www.unh.edu/osr/compliance/irb.html.) Please read this document carefully before commencing your work involving human subjects.

If you have questions or concerns about your study or this approval, please feel free to contact me at 603-862-2003 or julie.simpson@unh.edu. Please refer to the IRB # above in all correspondence related to this study. The IRB wishes you success with your research.

For the IRB,

Julie F. Simpson
Manager

cc: File
Robert Barcelona

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INFORMED CONSENT FOR STAFF AND BOARD MEMBERS

Dear ________________________,

I am a graduate student under the direction of Professor Robert Barcelona in the Department of Recreation Management and Policy of the University of New Hampshire. As a component of my Master’s thesis, I am conducting a study examining the concept of innovation in Nonprofit Human Services Organizations (NHSOs). Specifically, I am interested in your organization’s capacity for innovation in the face of a changing nonprofit landscape.

You have been selected to participate in this study because of your knowledge and involvement in your organization’s youth development programming. Should you choose to participate, you will be taking part in a study with employees from approximately two other organizations in the Manchester, New Hampshire area.

Your participation will involve taking part in a semi-structured interview and/or focus group, both of which will last between 1 and 3 hours. The interview is designed to provide us with information related to how your organization responds to change and how innovation occurs within your organization. The focus group is designed to compare and contrast themes that emerged through the interviews. Your participation in this study is voluntary. If you choose not to participate or to withdraw from the study at any time, there will be no penalty. At your request, we will provide you with a copy of the study results at the conclusion of the project.

We want to assure you that the data collected during the course of this study will be kept confidential. Care will be taken to ensure that no reference will be made in oral or written reports which could link any individual or organization to the study. I will encourage members of the focus groups not to discuss the contents of the sessions beyond the group. There are no foreseeable risks or discomforts if you agree to participate in this study.

Nonprofit human service organizations struggle for sustainability as they respond to changes occurring outside of the organization. Little research, however, has been conducted to understand what makes organizations more or less capable of change. The benefit of your participation will be to provide nonprofit human service organizations with valuable insight into organizational behavior and innovation in response to environmental changes.

If you have any questions concerning this research study, please contact me at (603) ***-**** or *****@gmail.com or contact Dr. Bob Barcelona at (603) ***-***** or rjb2@cisunix.unh.edu.
Sincerely,

Rebecca Foss

I give my consent to participate in the above study.

(Signature) (Date)

Use of human subjects in this study has been approved by the Institutional Review Board for the Protection of Human Subjects at the University of New Hampshire. As such, if you feel you have not been treated according to the descriptions in this letter, or that your rights as a participant in this study have not been honored during the course of this project, you may contact Julie Simpson, Regulatory Compliance Manager at (603) 862-2003, or by e-mail at Julie.Simpson@unh.edu.
APPENDIX C

SEMI-STRUCTURED INTERVIEW QUESTIONS

Environment questions
1. In the time that you have been working in the NHSO field, what are some of the key factors that have had an influence on the way your organization does business?

2. Describe how your organization has responded to some of these changes.

3. Can you give me an example of a recent change that has affected your organization and how your organization then reacted?

Innovation process questions
4. How would you define innovation in the context of the NHSO field?

5. In the time that you have been working at ______________, how do factors from outside of your organization drive the innovation process for your organization?
   a. What factors mobilize and support this process?

6. Describe an innovation that you have seen implemented in your organization.

Sustainability questions
7. In the time that you have been working at __________, how would you describe how innovation affects the sustainability of your organization?

8. Describe what you think your organization will look like in ten years.