Nonprofit Stability During Times of Economic Crisis and
Reduced Government Support

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The health of organizational sectors is influenced by the social-cultural and economic contexts in which they embedded. These contextual elements will influence the corporate, government, and nonprofit sectors in different ways. Whereas contextual changes may affect the corporate sectors ability to grow profit, a turbulent economic environment may affect nonprofit organizations’ abilities to provide social services to the public. For example, during economic recessions, the government tends to reduce the number of public and social services provided to the community creating an increase in need (Rotolo & Wilson, 2004). While nonprofit organizations (NPOs) experience a greater demand for services, they do not necessarily receive the financial support necessary to comply with these demands. Since nonprofit organizations already operate in such a manner where there is low overhead, these organizations must alter their budgets and staff or find additional sources of income or labor in order to meet the needs of the public. Due to the recent recession, one third of U.S. nonprofits (37%) reported increasing the number of volunteers, and almost half of the nonprofits (48%) projected increasing their use of volunteers in the future (Corporation for National and Community Service, 2009). Thus, even though all sectors are affected by the economic recession, analyzing and understanding the ways the nonprofit sector adapts to the contextual factors is important in understanding the long-term sustainability of the sector.

While volunteers are undoubtedly an important source of free labor, shifting to volunteer labor as a means of sustaining or increasing the organization’s services is problematic due to limited resources. In 2000, Putnam set forth the argument that newer generational cohorts were volunteering less than previous generations. While other scholars have critiqued Putnam, arguing that the level of civic engagement was changing and not decreasing (Rich, 1999; Rotolo, 2000), there is still evidence that there is a slight decline in the volunteer pool. Reports from the
United States Census Bureau (2007, 2008, 2009) indicate that the proportion of Americans volunteering has declined by 2.7% over the past four years. Despite the decrease, between 1998 and 2008, the number of NPOs increased by 32.7% (The Urban Institute, 2009). In the midst of these economic, nonprofit, and volunteer trends, questions regarding the sustainability of the nonprofit sector are brought to the forefront.

In exploring a sector’s ability to sustain itself overtime, there are two main issues to consider: repositioning the organizational identity and recruiting volunteers. The first main area of concern is the process organizations undergo to reposition themselves within society. Among managing finances, staff, and services, nonprofit managers must also manage the identity of the organization. As organizations compete for financial and volunteer resources, nonprofit organizations find themselves faced with two options: a) to compete for funds individually, or b) to join other organizations and form larger nonprofit coalitions. Those organizations that seek to compete must strategically make decisions to position their organization as desirable, legitimate, and as meeting the needs of the community more so than other organizations. Those organizations that chose to join forces are then faced with negotiating the mission, purpose, and operations of the new coalition. The second major issues nonprofit organizations face is recruiting individuals from an already dwindling pool of volunteers. Recruitment is a challenge in that individuals are facing too many demands on their time resulting in reduced community commitment (Gambles, Lewis, & Rapoport, 2006). These are just two of the main challenges nonprofit organizations face.

Analyzing and understanding nonprofit sustainability is one of the ways communication scholars can contribute to the growing body of nonprofit scholarship. Given the rich history of scholarship in organizational identity and identification, organizational communication scholars
are well-equipped to tackle the issues surrounding identity (Ganesh & McAllum, 2009, Lewis, 2005) and organizational repositioning. Additionally, both of the main issues of nonprofit sustainability involve other communication processes including legitimacy, stakeholder communication, and persuasion.

My particular interest in the nonprofit sector has primarily focused on the way volunteers manage the limited resources of time and energy while managing multiple roles; however, through the course of this research, I’ve encountered several situations where societal and cultural discourses were factors that influenced role management. My current research goals are to explore these contextual factors through the lens of the nonprofit organization. The two main topics of my research include nonprofit identity and volunteer recruitment.

**Current Research on Nonprofit Sustainability**

In seeking to tackle the issue of nonprofit sustainability, I’ve designed a study that focuses on the nonprofit sector in metropolitan cities and their surrounding rural communities. I’ve selected three communities within the state of South Dakota (primarily for geographical reasons). The three cities with the largest population were selected. While I am in the initial phases of establishing relationships with the nonprofit organizations, I have designed a two phase mixed-method study that seeks to tackle the issues of nonprofit sustainability.

The initial phase of the study will explore the ways in which nonprofit directors, marketing directors, and fundraisers manage their organizational identity. As mentioned before, contextual factors may push organizations to join coalitions or compete individually for resources. A qualitative approach is appropriate here in that the goal is to understand the underlying processes individuals undergo in repositioning the organization and what processes the individuals use to communicate the repositioned identity.
The second phase of the study assesses the community’s needs and the community’s perception of the nonprofit organizations within their community. Using some of the data from the qualitative portion of the study, the plan is to design a survey that will test to see if there is a relationship between the community’s perception of the organizational identity and the identity the nonprofit organization is seeking to promote. Secondly, the study will also assess the community’s met and unmet needs. Once the data for the initial three cities have been collected, I will then conduct the analysis in an additional three cities within the community.

This study is a necessary first step in understanding the unique properties of the nonprofit sector within certain communities. While the study will begin in South Dakota, there are several opportunities to conduct a nonprofit sustainability studies in other communities throughout the United States.
References


