



commitment it may put a significant strain on the organizations true mission. Also many of these relationships, especially the sectors tie with the government, have drastically changed from when many of these organizations were first formed. The sector is now expected to provide a vast array of social/public services, with a limited pool of resources and do so in a transparent, accountable, and ethical manner. Nonprofit organizations are unique in that many of their network relationships are not reciprocal; the government and community expectations are high but the resources they receive from these entities may not adequately support their mission or function. Therefore, again the sector is constantly balancing the relationships they need to survive and the ethical boundaries of their organizational missions.

Network connections have continually been a major concern or priority for nonprofit organizations, as Galaskiewicz and other researchers discussed in their article examining organizational growth relative to network connectedness. They theorize that maintaining network relationships (ties) can either be a strategic benefit for a nonprofit organization enhancing organizational performance or network maintenance can also be an inefficient use of resources and impede on organizational growth. Galaskiewicz and his partners create a basic cost/benefit model in terms of maintaining networking relationships. The assumption is made that for most nonprofits that could be classified as charitable organizations, i.e. organizations that are primarily financed through donations or gifts; the cost for maintaining network ties is congruent with the benefits they receive for maintaining those ties. Whereas for organizations that function primarily as pseudo-commercial organizations reliant primarily on providing goods and services along with employees for financial saliency, the cost of maintaining networks may considerably outweigh the benefits.

The researchers examined this theory by looking at the different costs of network connectedness and whether the relationship garners significant benefits in terms of growth in the organization. They see network ties, say with economic elites and other organizations, as beneficial when they lead to some evidential benefit, i.e. growth in the organization. The researchers used the following example to explain their theory or hypothesis, if maintaining a network tie with a vendor, by taking them out to lunch or continuous correspondence, yields greater access to the vendor's information this would be considered a positive network or tie; whereas if the organization already has complete access to the vendor's information regardless of the relationship than the network tie would be deemed as a waste of resources.

The methodology used by the researchers included multiple levels of variability to test their hypotheses. These included the collection of organizational expenditure data from a random stratified sample of 326 nonprofit organizations in the Minneapolis-St. Paul area over the course of fourteen years; this data included multiple face-to-face interviews with the executive directors of more than half of the organizations and reference to annual operation expenditures provided by respondents. In defining the variables of organizational growth, the researchers also looked at the perceived status of each organization based on both the respondent's internal perception and the reputation the organization had in the community. Also examined was the interconnectedness of the organizations in the sample, respondents were asked to name/state the network ties they had with other organizations in the area and researchers then looked for a cluster of organizations possibly connected.

Again the authors generalize that charitable nonprofits generally rely more readily on the network ties of their board members and volunteers for financial sustainability. Urban elites that serve on a board for a nonprofit use their societal position and relationships to gain additional

financial support and public awareness for their organization. For these charitable or social organizations the significance of status and position in the network hierarchy is extremely relevant. Without these relationships or ties the organization would suffer significantly both financial and in terms of community support. Commercial nonprofits, which rely on the sale of material goods and/or government subsidies for financial stability, are much less dependent on the maintenance of network ties because the sources of income and community support are not inherently connected to the strength of these network relationships.

The authors found in their study that there was significant evidence to support their hypothesis, as stated in the article:

*In testing our hypotheses, we found that organizations with ties to prominent actors in the inter-organizational network and with ties to urban elites had higher status four and eight years later. Donative nonprofits that had better reputations among urban elites and nonprofit managers grew faster over time than those that had poorer reputations. In contrast, among commercial nonprofits, status had a weak negative effect on growth.... The more important finding is that commercial nonprofits with fewer network ties grew at faster rates than commercial nonprofits with elite ties and/or inter-organizational ties.*

Based on this evidence the authors argue that for most charitable nonprofits the cost of maintaining these relationships is made up by the increased access to information and greater community support they receive, for commercial nonprofits there are rarely such considerable benefits and that in some instances a commitment to maintaining network ties may actually hurt organizational performance for some commercial nonprofits.

The authors evaluate the significance of their findings in terms of policy implications by stating that if government and business leaders continue to push for nonprofits to adopt a business model of operation, relying more on commercial sources that there will be little incentive for the organization to remain networked and therefore may be less responsive to the needs of the community. Implied is that with a lack of structural accountability these organizations will be ill-suited to provide public goods which is the supposed focus of the nonprofit sector.

I agree with the authors' conclusions in that the importance of network connectedness is dependent solely on the individual organization's reliance on community support for financial sustainability, for most organizations that I am familiar with they are dependent on these community ties for organizational success. As for policy implications, I agree that it is important for nonprofits to be responsive to the community and that without network connections and social accountability we will see a disappearance of a true nonprofit sector.

Expanding on the idea of network maintenance and the capacity of nonprofit organizations for growth is the research article written by Dr. Darrene Hackler and Dr. Gregory D. Saxton. The focus of this article is the potential for increased use of information technology in the nonprofit sector and why this would be beneficial in terms of broadening the scope and competitiveness of individual organizations. The article primarily examines two specific dimensions of organizations' use of technology: their capabilities and competency at IT-related activities and their success in using the technology to advance their mission.

The author's analysis or methodology in the article is said to be based on a survey conducted by Gifts in Kind International. As stated in the article:

*The survey generated 1,572 unique responses from a wide array of nonprofit organizations that are tax-exempt under section 501(c)(3) of the U.S. Federal tax code.*

The authors note that because the survey and subsequent responses were done at a macro-level the analysis they offer is also at the macro-level, stating they did this in an effort to get a broad spectrum of the challenges different sizes of nonprofit organizations face in implementing IT-programs. I think this is a huge positive in terms of the validity of their research because in terms of IT-capabilities the size of the organization is a huge determinant of whether or not the organization will be able to adequately support such an expansive and generally expensive program. The authors do a good job combating the assumption that all nonprofits are capable of implementing a strategic IT-program, they understand that financial access and capacity an organization has to IT-resources is imperative.

The authors conclude that if an organization takes the necessary steps of planning, budgeting, training, and implementing a comprehensive IT-program they are obviously considerably more efficient and effective at achieving both their stated goals and non-mission related activities. With less resources and higher societal expectations, the authors see the strategic use of information technologies as a viable solution to the fiscal challenges facing most nonprofits. If employees and representatives of the organizations can more effectively and efficiently do their jobs with adequate technological training and support the authors assume an increase of organizational success. The authors do emphasize that as with any new program, if the people are poorly-trained or the equipment is obsolete or sub-par organizational performance will not increase but rather cause frustration and organizational digression, therefore, the

implementation of any IT-program must be comprehensively planned and financially supported in order for it to be successful.

The authors ascertain that the implementation and use of such a program can lead to significant organizational change not only in terms of efficiency but even in general organizational structure. They also note that with the increased influence of technology in almost all facets of society the more capable an organization is at technological services the more competitive and successful they will be, especially considering the idea that society has begun to expect a certain level of technological competency which leaves those organizations already disadvantaged financially incapable of basic technological capabilities even more behind those with increasing technological competency.

The researchers recommend that nonprofit organizations collaborate and partner with other organizations to increase their technological capacities, especially in the organization has limited financial and human resources to work with. Because many nonprofits have considerable outside actors with many different vested interests, asking for outside assistance is much more feasible than for a private for-profit organization. Hackler and Saxton suggest that if a smaller organization can reach out to external resources for IT-support and assistance that they should do so because that is the expected relationship of the donor community.

The conclusions and recommendations by the authors make logical sense in that with changing expectations in terms of technological capabilities from society, nonprofit organizations should strive to expand their IT-capabilities. Unfortunately, I don't necessarily think the recommendations are inherently plausible for most nonprofit organizations. Many of these organizations exist on the fringes of financial culpability, making just enough to sustain the

social efforts in which they were designed. Ideally they would be more effective if they could expand their technological capabilities but the intensive cost and human resources involved in implementing such a program are much too far out of reach for many organizations. And as discussed in class and in agreement with the article's authors, implementing and using these technologies without the adequate resources may do much more harm than good in maintaining the status of the organization in the community.

In another article focusing on the history of the nonprofit sector and its network ties to the government, researchers examine the constantly changing relationship between nonprofit organizations and the various levels of state and local government. The authors see the relationship between the state and local government and nonprofits as changing dramatically in the early 1960's. Prior to this time, community-based nonprofits were relatively small and relied solely on the donations and financial support of the society in which they served. Government intervention and influence was minimal and the expectations of these organizations were defined by what they were willing and able to offer based on their 'niche' within the community. During the 1960's there was significant government investment in social-welfare programs in which the nonprofit sector was seen as the most capable sector at providing public goods. This investment included direct financial support in the form of government grants, tax exempt status, tax credits, etc. As the authors describe, this significantly changed the relationship and expectations the government had for the nonprofit sector. The government has come to rely on the nonprofit sector to provide a substantial amount of social-welfare and reform programs, along with providing recreational and educational opportunities for communities. In return nonprofits have come to rely on the government for financial subsidies and access to grant money. As mentioned in the article this has also led to an increase in nonprofit involvement in the political

arena, they are now more invested in political engagement and changing or supporting policy actions. These organizations now have a working relationship with the government in which they each are considerably reliant on each other for success. Considered a positive by the authors, this has led to more nonprofit accountability and transparency, because they are now answerable to a regulatory body.

The article doesn't explicitly state a research goal or question but rather examines the historical significance of the relationship between the nonprofit sector and government. There really is no described methodology other than referencing previous studies and research regarding the same topic. The author's are somewhat biased in that they generalize that all nonprofit organizations are tied to the government and primarily rely on the government relationship or tie for success. While it is true that nonprofits are inherently tied to government by their basic definition and classification as a nonprofit [i.e. 501(c)(3)], many exist without any other government support and paradoxically some exist only to challenge the role of government in society. Also the authors assume that readers have an extensive knowledge of the historical background of nonprofit organizations and their relationship to the government. They cite other reports and commissions without adequately expanding on the relevance and context for the references. The article does give a succinct history of the relationship and recommendations that address the new challenges of a stagnant amount of resources to be shared by a greater number of organizations.

The authors conclude and recommend that:

*Overall, the relationship between government and the nonprofit sector at the state and local levels is at a critically important time. In the last 15 years, state and*

*local government services have been profoundly changed and the role of the nonprofit organization has risen sharply. But growth has plateaued, and government and the nonprofit sector need to develop effective strategies to support and sustain nonprofits and citizen engagement opportunities that they offer.*

They offer relatively little insight as to what exactly would qualify as an effective strategy, but I do agree with the authors in that the many organizations in the nonprofit sector are now more than ever accountable to the influence of government and reliant on government support. This is significant in that state and local governments are now being challenged with even bigger budget cuts and limitations therefore pushing them to rely on nonprofits even more to provide social services, whether or not these organizations will be able to respond to this increase in demand without an increase in resources is yet really to be seen.

With the increase in the amount of network ties and commitment to relationships for many organizations in the nonprofit sector, there has been a significant increase in the amount of rules and expectations placed on these organizations. Another article by Robert K. Christiansen and colleagues evaluated the positive and negative sides of this increase in accountability measures and appraise the challenges nonprofits face in balancing mission and non-mission pressures. The authors hypothesize that nonprofits are exceptional in that they are not only passively governed by the rules and authority of the government but that they also are held accountable internally by their network of constituents; and that this increase in accountability from multiple levels of rule-making has both negative and positive effects on the organizations ability to support mission-related activities.

The authors use the case-study of charitable bingo to illustrate the basis of their hypothesis. The methodology includes three levels of analysis in evaluating the tensions of nonprofit gaming: individual, organizational, and societal. Each level is evaluated by looking at both the light and dark sides of gaming (bingo) and whether or not these promote or impede the mission of an organization. On the individual level the light side included the engagement of the community in social activity and financial gain. The organizational level included the promotion of missions related to community recreation and income generation from gaming. And on the societal level the light side included the “halo effect” reduces monitoring from outside agencies and gaming is predominantly a self-regulating industry. On the dark side individual level of analysis is the pathological tendencies of gaming including isolation and financial loss. On the organizational level there may be significant mission drift caused by gaming and there is the risk of inefficient income generation and the challenges of keeping up with gaming regulation. On the societal level there is some risk of corruption and mistrust due to lack of oversight and gaming has previously been tied to criminal activity and organized crime.

The authors discuss and focus on the implications of having so many vested interests in organizational rule-making and how this can be challenging to an organization’s success. Through their case study they demonstrate that even the simple case of charitable bingo has many implications for a nonprofit in satisfying the variety levels of social-expectations. Christensen concludes that the tensions created by the variable levels of accountability in all activities have made the sector extremely responsive to outside actors and in some ways this has made them less effective at achieving autonomy and success in mission-related activities. He does recognize that their research was somewhat incomplete and that the study is ongoing, they

plan to expand on the results by surveying actual bingo participants and their perception of the nonprofits participation in such an activity.

I think that the research was interesting in that it did show the unique experience of nonprofits in how they find sources of income. I had never previously considered the paradoxical idea of nonprofit gaming, one makes assumptions about gaming and about nonprofits and there definitely is a tension between the definitions. The arguments made were fairly persuasive but the research seemed utterly incomplete, the use of only one case study makes me wonder about the validity of their argument in terms of the nonprofit sector as a whole. Charitable bingo is an activity of a relatively small amount of nonprofit organizations and I wonder if the same level of accountability challenges would be seen in other nonprofit financial generation activities. I do think that this research showed me a new perspective of nonprofits maintaining network ties and the challenges they face by being so connected and having so many different institutional expectations.

Addressing the concern over the maintenance of nonprofit network ties, I think that the aforementioned articles emphasize the distinctive relationship the nonprofit sector has with a multitude of vested actors. As some of the researchers noted, the increase in efforts to hold nonprofit organizations “accountable” may lead to organizations straying from their straying missions. Network ties are not passive relationships that are easily maintained, especially in the socially-networked society in which we live. As discussed in the preceding literature reviews, organizational relationships and public interest require an ample amount of resources and without the necessary capacity there may be an increase in nonprofit failure or community dissatisfaction. Unfortunately, as noted, this comes at a time when the nonprofit sector is being

relied on more extensively to provide services and strengthen these network ties and relationships.

If an organization can strategically plan and prioritize their network relationships they may be able to manage the growing tensions of organizational expectations. As with any challenge in the nonprofit sector, the individual organization and its mission must be the main focus. For some nonprofits, like the commercial nonprofits mentioned in the first literature review, the priority of community network ties may be unnecessary and therefore they should focus solely on maintaining those relationships that inherently relate to their success; most likely their tie to the government. For nonprofits that are much more reliant on community investment and support the maintenance and investment in these relationships is much more important. As the second article notes, for these organizations the implementation of a strategic IT-plan may be the most effective and efficient means of maintaining social and community networks especially for those organizations that are limited in resource capacity.

Overall if I were to advise a nonprofit on facing the challenge of maintaining network ties, I would first ask them to assess the importance of each of their structural relationships and rank the relevance these ties have to the organization's mission. I think this would help the board or community leaders to see the possible strain these relationships may be having on the organization's limited resources. Also by evaluating the importance of each relationship or tie, previously ignored or inadequately supported ties may be highlighted and the organization may be more responsive to their needs. For instance, for many nonprofit organizations the most important tie should be the one within the community, but with constant the constant strain of accountability measures from many actors it may be the most ignored tie. If an organization can recognize this inadequacy they may be able to redistribute some of their resources and prioritize

community responsiveness. After they have evaluated their network ties, I would ask them to strategically plan the ways in which they would like to promote and strengthen these community ties. Because I see computer and internet technology and social-networking as a new and underutilized resource in the nonprofit sector I would challenge them to use this relatively cheap and low-maintenance resource as a tool in their network maintenance. Next I would ask them to implement this strategic plan and have certain benchmarks they would like to achieve. For instance they may want to consider surveying clientele satisfaction and using those results as a measure of network connectedness. Also I would ask them to sever or discontinue those network ties that were resource intensive but were relatively insignificant to achieving the organization's stated goals. The strategic plan in achieving relationship cohesion will only be successful if those limited resources of the nonprofit are allocated to the ties that are most relevant to organizational efficiency and effectiveness.

## Works Cited

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