Evaluating crisis containment in nonprofit organizations in Israel:

the effects of organizational competency and managerial competence.

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Crisis preparedness or proneness is amongst the most extensively theorized aspects in the wider domain of business failures and organizational crises (Pearson & Clair, 1998). Yet, it has drawn scant scholarly attention as a theme worthy of empirical research for nonprofit organizations -hereafter NPOs- (Galaskiewicz & Bielefeld, 2000; Spillan & Crandal, 2002) even though early in the 90s Estes and Alford (1990:173) have discussed how pronounced tendencies in NPOs to improve organizational processes and coping mechanisms are essential to accommodate crisis and lead to the introduction and reshaping of more successful structural forms (Herman, & Renze, 2004; Galaskiewicz & Bielefeld; 2000; Stone, Bigelow & Crittenden, 1999; Durst & Newell, 2001). Indeed, according to Spillan & Crandall (2002) one of the reasons that NPOs do not successfully compete with crises is because they do not possess the right potential in competence and competency. Competence here is defined as the degree of potential generated from human capital and successfully allocated into the completion of tasks. Competency is the overall set of characteristics in the organization—knowledge, skills, patterns of work and more that when used separately or in combination result into successful organizational outcomes (Teodoreskou, 2006).

Crisis-prepared firms are typified by effective audits, managerial competence and actions and policies aimed at forecasting potential crisis occurrences (Greening & Johnson, 1996). Crisis-prepared firms feature well-established and practiced crisis management designs characterized by information and resource sharing and flexibility (Pauchant & Shrivastara, 2006). They highlight advanced crisis-sensing-and-diagnosis managers and structural ingredients geared towards averting escalation, develop responsive decision-making, in terms of resource implementation and facilitate external and internal information flows, notably effective communicational links with key stakeholders (Ulmer, 2001; Pauchant & Mitroff, 1992; Pearson & Mitroff, 1993). Succinctly, Towler (1990: 47) proposed that the more CC strategies firms have, the better their chances of resolving a crisis.

It is assumed here that tapping into the sources of competence and competency in NPOs can successfully facilitate the prediction of managerial evaluations of crisis containment and meet the often contradictory expectations of beneficiaries that are essential in attaining financial sustainability and survival before an actual crisis occurs (Walshe, Harvey, Hyde & Pandit, 2004). To accomplish this goal the present study addresses how organizational competence—indicated through organizational age, size- (Schoichet, 1998; Bryson, Gibbons & Shaye, 2003) and managerial competency—using measures of education and experience (Greening & Johnson, 1996) affect managerial evaluations of CC and generate changes in procedures and structure.

On the basis of a random sample of 165 Israeli nonprofit organizations results indicate that both organizational competency and managerial competence are significant in the prediction of crisis containment. To improve crisis containment nonprofit organizations need to develop and maintain appropriate levels of structural flexibility using a higher level of volunteers and more educated and experienced managers. Such individual and organizational level capabilities enable a better taping into early signals of crisis, correcting procedures and processes and increasing the potential of crisis containment.

REFERENCES


