Capacity Building for Nonprofit Sector and Organizations under Financial Stress

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There are many major political, economic, socio-cultural, demographic, and technological trends and challenges affecting nonprofit organizations today. Furthermore, each of these challenges requires the nonprofit sector to respond differently. Generally, increased economic prosperity causes an increase in private donations and grant awards—the reverse also holds true. Locally and internationally, the threatening economic recession, mortgage crisis, and price at which oil is trading on the stock market are key trends to watch closely, as they are harbingers of the future nonprofit climate. At the state level, Florida’s economic development, foreclosure rates, the status of Central Florida’s service economy, and the impending population boom in Central Florida should be monitored by nonprofits, because economic growth, the lack of “living wages” for workers, and the ever-increasing population will invariably increase demand for the kinds of services provided by the nonprofits in the region.

Nonprofits are responding these trends by engaging in new forms of collaboration and partnership such as virtual teams and communities of practice (Hudson, 2005). However, it must also be noted that these trends might not be viewed as positive by some nonprofits, and they may take no response to these trends due to a fear of change. Rapidly changing environmental trends demand that nonprofits be flexible, quick to adapt, and aware of the forces at play which impact their continued success (Kapucu et al., 2005). Ignoring trends is not an option; continued awareness of and response to environmental trends and challenges ensure that a nonprofit can continue to achieve its core mission within dynamic circumstances.

In the first half of the 20th century, the boundaries between public and private initiatives were more defined and nonprofits were self-driven by private, donation support, and voluntary character; whereas in the second half of the century those defining characteristics unraveled as nonprofits became more dependent on government subsidies, took on responsibilities formerly supported by government agencies, and as nonprofits became more commercial and entrepreneurial (Herman, 2005). Modern nonprofits fall somewhere between the profit and public sectors, and are a blend of philanthropic and commercial motives, methods, and goals (Worth, 2009). Where the government exists to serve the needs of the majority and is limited in its outreach and service to specific groups, nonprofits are able to step in and serve their communities by filling the gaps left by the public and profit sectors. Similar though to their public and profit counterparts, the nonprofit sector is not immune to political, economic, technological, socio-cultural, or demographic forces affecting today’s society.

The turbulent economic climate currently felt in the United States and global community has caused many organizations to examine every aspect of business, requiring many to get creative. The nonprofit sector, which for years relied on contributions from for-profit companies, government, and other sources like foundations or endowments, has been hit doubly hard as these revenue sources quickly began disappearing with the decline of economy, even as the number of people needing services simultaneously increased. Many nonprofits engage in all sorts of moneymaking ventures that bear a close resemblance to for-profit entities (Wolf, 1999).

Central Florida is one of the regions in the United States experiencing the effects of economic downturn most severely. This economic crisis has affected not only public organizations, but also nonprofits that rely primarily on government sources and private support in terms of funding and resources. With support of the Heart of Florida United Way (HFUW) and collaboration with the Center for Public and Nonprofit Management at the University of Central Florida (UCF), this paper analyzes 20 agencies in Central Florida in terms of the steps they have taken or are going to take for capacity building in order to prove competent for survival under financial stress.
Through surveys and interviews, agencies were assessed for capacity and interest in capacity building. Both quantitative and qualitative data was obtained and analyzed. This project assessed the training interests of agencies, the assets and the needs of organizations transitioning to the challenges and opportunities of a competitive funding process, and a manner to best meet those needs.

The research suggests that agencies are more willing than before to invest in risk assessment and preparedness, establishing capacity that would make them competent in comparison with their counterparts or other actors. Specific interest was observed in terms of training and technical assistance in planning and resource development.

References:


