

Management in the Third Sector- What can we learn from successful business managers?

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This study is dedicated to the memory of Dr. Israel (Rolli) Yovel who was my role model for values of modesty and persistence, as well as the pursuit of knowledge and excellence

Abstract

The purpose of the current study is to provide senior managers in the third sector with new knowledge on effective management patterns that will empower their abilities towards increase their organizations' effectiveness and fulfilling their mission.

The study suggests producing new and meaningful knowledge by investigating successful managers known as opinion trendsetters in Israel's private sector. Their success stories were analyzed and then imported into the world of management in the third sector.

The information collection process comprised interviews with 12 opinion setters from the private sector. The third sector was represented by 21 executives from NPOs that answered on open questioners, and a Delphi group of 7 experts.

The current research offers two primary implications: The first relates to practicable aspects, these include increasing awareness of the need for capacity building in Non-Profit Organizations, encouraging grant makers to allocate resources for management development. Secondly, this study constitutes a basis for further research and progress in the area of and management performance in non profit organizations.

Prologue

The purpose of the current study is to acquire new management knowledge for senior managers in the Israeli third sector, thereby increasing the success of the non-profit organisations they head, and fulfilling the organisation's mission.

My own objective is a product of my professional vision: to strengthen the Israeli society by supporting third sector organisations that fulfil social missions and uphold national values.

Seven years ago, I entered my new role as an executive director of a family foundation in Israel, with experience and knowledge deriving from two different "professional worlds": (a) While working as an executive director of Israeli NPO I was exposed to the complexity of management in this organisational sector, and I became aware of its various challenges; and (b) in addition, I was actively involved in the international hi-tech industry, initially as an organisational consultant and later as V.P of an Israeli- American start-up company.

Now, as coming from the field of philanthropy, I believe that this research findings and conclusions will further impact the Israeli third sector. My vision is that the three sectors' leaderships, especially from the business and the voluntary sector, will collaborate to produce and implement new knowledge for the benefit of the NPOs and their ability to effectively fulfil their mission.

1. Introduction

1.1. The Israeli Third Sector – A Current Review

In parallel with the global trend, Israel has also experienced a “third sector revolution” over the last two decades, with non-profit organisations coming to play a dominant role in Israel’s social and financial activity. These changes are part of the overall development of Israeli society (Goren, 2000). A total of 40,800 not for profit organisations were registered between 1981 and 2005, 57% (about 25,000) of them are formally active (Gidron, 2007).

The reasons for the sector’s growth are very similar to those for worldwide growth. The economic development on the one hand, and the wide gaps between rich and poor on the other, have created the need to find solutions for people with special or distressing needs (Shamir, 2007). The increase of organisations in the third sector, especially in the area of welfare, reflects the harsh economic situation of some parts of the population and the withdrawal of the government from the provision of certain public services (Gidron, 2007).

As with other places in the world, adopting a more dominant position in Israeli society, organisations are challenged to improve their efficiency and effectiveness (Halevi & Kuna, 2002; Mano-Negrin, 2003).

Although the Organisations are expected to act more professionally and show organisational achievements that influence social policy, many of them are functioning without professional infrastructure; they indicate difficulty in measuring their productivity and suffer from increased competition and from a lack of cooperation within the sector (Tamir & Zisser, 2005).

The scope of the new philanthropy movement has also significantly impacted on the Israeli third sector. Over the past 15 years, Israel’s economical development led to the growth of private capital among individuals from the highest socio-economic

classes. There are a growing number of Israeli businessmen who have redirected at least part of their attention from making money to giving it away (Shimoni, 2008). These donors are self-made, very wealthy entrepreneurs that prefer to apply the business practices with which they are familiar (Silver, 2007).

Despite the significant changes in the philanthropic field in Israel, it is still a young sector: although the foundations significantly influence third sector organisations as investors, they do not have the ability to maximise their investments, mainly because of a lack of professional abilities and tools (Andrés-Alonso et al, 2009). This phenomenon has direct influence on NPOs, in that the absence of clear criteria which assist philanthropists in choosing their grantees lowers the organisations' motivation to improve their capabilities and present clearly defined successes (Leat, 2006). Philanthropists are currently expected to have greater understanding of NPOs' needs, tolerance for operational difficulties, and the hope that organisations will act with higher transparency (Amit, 2005).

1.2. Managerial performance and organisational achievement

The need to explore the factors that make some companies more successful than others has encouraged researchers to investigate the interactions between managerial performance and organisational success (Ritchie, Anthony & Rubens, 2004). Organisational success is measured according to its degree of achievement in various elements such as financial durability and long term stability; its relationship with its clients; the dynamics and the development of the organisation over its lifetime (Rasiel & Friga, 2001).

The general review of how to measure successful organisations leads to an examination of what characterises a third sector organisation, and how its achievements can be measured and evaluated. The variety of studies and opinions point on two main conclusions: first, NPO achievements should be conceived of and modelled as a multilevel, multidimensional, and structurally integrated concept (Sowa, Selden & Sandfort, 2004). It appears that any framework for identifying the

organisation's performance must be connected to the NPO's essence and *raison d'être*, and its achievement is actually evaluated by the organisation's capacity to carry out its mission. Thus, social change needs to be measured by outcomes taken together as a set, and which respond to the long-term goals, while ensuring that every action has taken is significantly relevant to these goals (Anderson, 2006: Manno, 2006).

Theories describe factors influencing managerial performance as compound by three components: the managers' values, beliefs and basic assumptions, the patterns of conception, professional attitude, and decision making norms, and the managers' professional skills and behaviour (Levi, 2008).

Studies also indicate that the performance of a senior manager will manifest in two spheres: the task or bureaucratic organisational sphere which includes reaching and carrying out decisions, setting targets, and delegating tasks; and the leadership norms sphere, which manifests chiefly through the way the manager shapes the organisation's values and culture and leads the organisation's employees (Rummler & Brache, 2006). While theories differ over these issues, there are studies that highlight people management factors as the most essential part of managerial performance, describe managerial performance as: enabling people to perform their work creating the organisation's culture; and taking responsibility for the development of employees' skills. The opposite approach associates manager performance mainly with task management, viewing the manager as responsible for coordinating between units and tasks, making crucial decisions, and determining priorities between objectives and projects (Dror, 2006).

The innovative outlook concerns the role of the manager as the link between these two central spheres. This holistic approach suggests that the manager's main role is to link between management activities and leadership. While the first sphere requires that the manager plan and set goals, and ensure tasks are carried out, leadership is described as an important tool for giving meaning to organisational dynamics and outcomes, this process involves influence that occurs within a group for achieving goals (Chung, 2007).

The “*Full Range Leadership Theory*” exemplifies this approach. This model is focused on the important connection between managerial performance and organisational achievement. It presents managerial performance as holistic in nature and draws a circle containing elements that connect successful managers to organisational achievements (Bass & Avolio, 1997).

The following diagram illustrates the model:



Figure No. 1: Full Range Leadership theory (Katz, 2007)

The model carries ‘added value’ in that it succeeds in creating interconnections among the elements to form a detailed description and explanation of the characteristics and spheres of influence which the manager can apply to the organisation. Top managers need to acquire two different abilities: to create and lead the organisation’s vision and soul, then apply the skills-related aspects to managing the organisation’s tasks and missions. These are two separate managerial channels that influence each other and create the ‘*organisation Gestalt*’ (Katz, 2007).

1.3 Managerial performance in NPOs

As with business companies, the managerial style of the NPO senior manager is crucial to organisational achievement. Improving abilities in executives will provide the NPO with a real opportunity for increased achievement. In order to increase the NPO's success, to improve its ability to fulfil its mission and truly create social impact, the social manager must activate strategic thinking and planning, manage human resources and control financial management, while simultaneously operating within the unique realities of the third sector and of social organisations (Drucker, 1990).

Following through with the view that managerial performance is a result of multilevel facets, including professional experience, it is claimed that NPO executive performance is also influenced by acquired skills. The fact that these managers develop their career as managers of social and educational organisations affects the way they manage the organisations they are running (Shamir & Nachumi, 2003).

The link between the professional backgrounds of managers and their managerial skills is described by Singleton, Cunningham and Evans (2006), they show that the majority of NPO executives possess limited managerial experience: roughly 34% in the third sector had prior permanent executive director experience.

The need to develop highly qualified senior managers indicates the importance of developing holistic managerial patterns that integrate task orientation with value-oriented leadership (Lin, Wu & White, 2005). Undoubtedly, managing an NPO is a complex role, NPO performance contains multiple elements, and effective management should encompass this complexity (Anheier, 2000).

1.4. The research questions

The central question is:

What can third sector managers learn from successful business managers, which can be employed towards bettering their performance?

Further to the question, three main questions were raised:

- A. How can management style be identified, and what are the patterns of a high performance manager?*
- B. How does the managerial performance of the senior manager contribute to the organisation's success?*
- C. Under what conditions can the new knowledge gained from the business sector be made relevant for senior managers of non-profit organisations?*

2. Methodology

For this study, a qualitative research system was structured based on the framework of Grounded Theory, at the nucleus of which is the aim of producing a theoretical model that describes and explains the researched phenomena from data collected in the field (Glaser, 1994; Strauss & Corbin, 1987).

The research data was collected via open face to face interviews conducted with 12 senior managers from the private sector, and open questionnaires to which 21 senior managers from the third sector responded. The online open ended questionnaire was chosen because of ethical reasons: in light of the researcher's professional position as the director of a foundation that supports organisations, it was necessary to enable managers to remain anonymous to the researcher. Clearly, the online questionnaire offered the best possible solution (Brown, 2002).

Data collected from both these sources were analysed in accordance with the accepted analysis model by Strauss and Corbin (id. 1987). The data analysis was validated by a team of experts.

Business Sector Participants-

Interviews were conducted with 12 successful private sector managers, the business fields in which these managers operated are variegated and include hi-tech, insurance, software, banking, traditional industry and manufacture.

All these managers were, or currently are, leaders of well known companies that have achieved international success in the global market. All of these CEOs were responsible for their organisation's expansion into the global market and while acting as CEO, the companies they managed showed enormous economic growth.

Executive Directors of NPOs-

The sampling was drawn from computerized data base system of an infrastructure N.P.O in Israel. The program randomly chose some 50 Executive Directors participants, responses were returned by 21 participants.

The findings relate to three important facets describing the participants' *professional background*- only a few (6.25%) have formal education in management; most of the participants (80%) acquired their experience mainly in the third sector and less than 20% of them have previous experience as CEOs.

3. Statement of Results

The results are wholly based on the analysis of the interviews with successful business managers, and the analysis of the questionnaires collected from NPO managers. In order to provide a significant picture, it was first necessary to identify all the subjects surfacing in each of the two groups (business and NPOs), and then to examine the degree of parity or disparity between these groups (Corbin & Strauss, 1994). Despite conducting separate data analyses, an almost identical category tree was produced.

Four types of managerial areas are surfacing from the data analysis: The managers' values, their stance regarding their managerial abilities and the optimal management model, The actions taken by managers and the managers' professional skills and experience (of the NPO participants).

The following diagram explains the findings classifications according to main dimensions and themes:

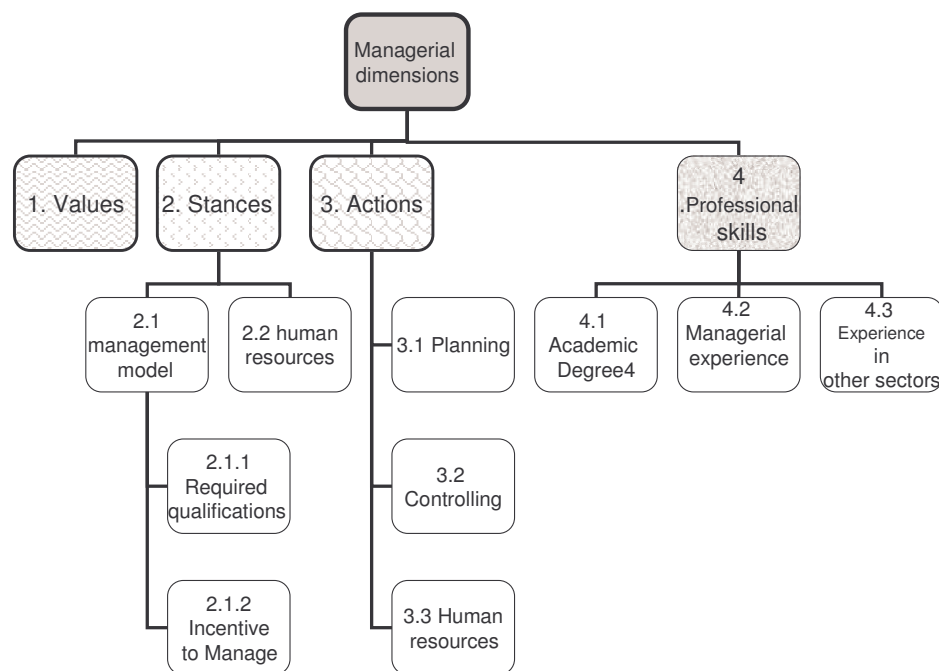


Figure No. 2: Managerial dimensions

As noted, the research aims to learn from successful business managers, comparing the differences in elements identified as factors which promote success to the descriptions relating to the third sector population representing the current situation.

For this reason, parameters will be presented in one of the following ways:

- Factors related to in similar terms by managers from both groups (1).
- Factors described in similar terms by managers from both sectors (business and NPO) but displaying nuances unique to each kind of group (2).

- Elements in which differences of approach can be discerned between managers of the private and third sectors (3).

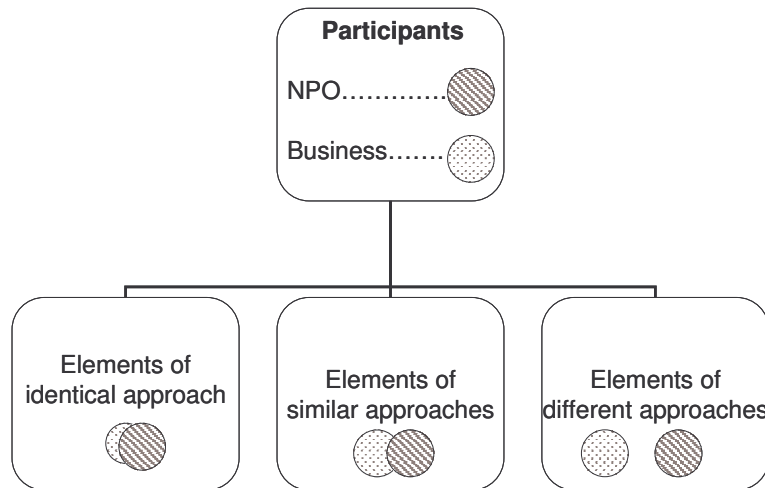


Figure No. 3: Elements Classification

3.1 Values

Research participants describe personal and professional values which influence their managerial activities. The majority of managers of both sectors noted the following values: integrity, fairness, social responsibility, and excellence.

I honestly feel that values are given serious weight. I'm talking about social values. Excellence without integrity is a problem. ... Integrity, fairness, justice, with both the clients and suppliers: the place of maximum profit is not the most important.

3.2 Stances

The positions held by managers are described on the basis of their statements concerning their perceptions and managerial approaches, as well as personal and professional outlooks. The analysis of these stances identifies three main spheres:

The best managerial model- The research participants describe views concerning the desirable managerial model, such as which traits and abilities are desirable in the optimal manager. They all noted the manager's ability to be a leader. Leadership, as described by them, is the ability to lead other people, increase their work-oriented motivation, and also constitute a role model.

The highest levels manager must succeed in creating management that follows him through fire and water. Excellence is needed to convey this message and be convincing about it. Not just do it [yourself]. That's a trait you either have, or lack.

An additional aspect of leadership is expressed by the manager's ability to serve as a role model for those beneath him.

If a manager can constitute a personal example of modelling for the rest of the staff around him, that means he is a leader. People will observe him, and will want to emulate him. It's a strong but tough trait.

As noted, leadership is mentioned by participants from both sectors. However, there is no uniformity of views regarding other stances held by business and NPO managers. Business managers stress task-leading capabilities, such as prioritising, ensuring results, getting into details, and decision making:

A good manager knows how to prioritise constantly, what's important and what less so. That also means dealing with details, it's not enough to have just an overview understanding. [The manager] takes decisions all the time and must know everything: the professional and business sides, understanding at the level of the product, public relations, clients. The accents depend on the manager's character.

Their third sector counterparts, however, view the manager's human relations and interpersonal communication capabilities as central to management.

The most important trait is interpersonal relationships – the manager must have the ability to listen; it's connected to interpersonal relationships. He must also delegate real authority to the staff; they need to receive the feeling from him that he is interested in their growth.

Managing the Human Resource- Participants' descriptions indicate their stances concerning management of human resources in the organisation, which clearly underline human resources as one of the central and most important spheres.

The manager's role is vital in nurturing the organisation's human resources; it's central to managerial activities.

Participants present several themes that describe the CEO's duty relative to leading the organisation's human resources. They talk about quality recruitment:

The team is the focus. The ability to recruit a committed, professional team, and nurture and maintain it, is the basis of managerial activity. Especially in light of budgetary difficulties, that is, the (low) salaries, it's necessary to find ways to develop the employees and act towards deepening their sense of commitment.

Executives describe their responsibility in nurturing, and ensuring employees' professional development:

You create leadership by being concerned about your workers, gaining their trust. If I hear that an employee needs help, I will use my contacts to try and help, or for instance if he's in mourning and you pay a condolence visit, the employee will never forget that.

Despite the similar general views presented by managers of both sectors, it is possible to discern special emphases in the views of business managers: they describe the human resources as a critical factor to the organisation's success. For

them, employees are capital that needs to be preserved, and they are aware that they need to withstand competition over employee recruitment:

In order to hold quality employees, one of the things needed for success, a framework needs to be created to sift issues and innovations and their relevance, because the field is dynamic, and there is constant renewal.

The research participants from the business sector present a perception that in order to manage an organisation well, intermediate management levels need to be constructed that constitute the centre of specialisation and produce the added professional and managerial values.

Incentives to Manage- While describing their qualifications as managers NPO participants reveal their incentives in filling their managerial role. One strongly dominant factor surfaced: the desire to create significant social impact. The managers feel that through their role, they fill a personal need to impact significantly on a central sphere.

There is a feeling that it is possible to truly influence. It's fascinating and challenging; beyond it being a social mission, there's the feeling of being able to influence and lead change. It can only happen in a senior role in the sector.

3.3 The Manager's activities

The research participants note three spheres of activity that fill the bulk of their daily functioning: management of human resources, planning and follow-up and control.

Development and Planning- It appears that both sectors' managers devote managerial resources to planning and development. They relate to planning as a central activity which assists the organisation in being more effective:

I devote a lot to developing new initiatives, and we also adopted a work mode where every year we prepare a work plan. Success will be if we uphold the program and realise it.

Business managers emphasise their role as creating the company's long term plans, therefore they positioned the need to create and maintain organisation strategy as a high priority.

When an organisation strives only for short term achievements, it will disappear. Organisations must have detailed strategies that encompass long term achievement. Observe the business world – every long lasting company has a strategy that not only exists on paper but is practical and implemented.

This aspect arouses concern among business managers, witnessed by their comments on non-profit organisations.

I try to explain that even in a for-profit business it's not always possible to know everything at all times, but there must be a system that enables us to collect as much information as possible. To tell the truth sometimes I have the feeling that they don't want to know the facts and the vagueness serves some purpose.

Development is mentioned by all the managers as part of long term planning and includes, mainly, development of new productions and services.

I try to invest no small amount of time in development, mainly because it doesn't happen automatically and needs to be 'dealt with' in an aware way – in developing new projects, cooperative activities. I really pay attention so that not a week goes by without having one or two meetings connected with developing something new, even if some don't eventuate.

Follow-up and control- While planning holds an important position in the functions of managers in both sectors, tasks connected to follow-up and control are conducted differently in the sectors. Following among NPO managers manifests mainly in effecting ongoing tasks connected with daily management.

My main area of follow-up is on finances, and a good deal of ongoing maintenance. My follow-up processes include managing finances and budgets, assisting with problems concerning the organisation's ongoing work.

According to testimonies of third sector managers, a good part of follow-up activities occur in the context of supervision over the professional staff:

I meet everyone personally approximately once a week, and once weekly there's a meeting with all the staff or team leaders – one week this, and one week that. I talk on the phone with the team leaders usually at least once a day, and try at our meetings to update them of issues occurring beyond the level of their own team.

The approach shown by business managers to follow-up and control is different from that reported by NPO managers. For business managers, the processes of follow-up and control taken by the manager must, first and foremost, ensure that the organisation is upholding the plan it set for itself, and that its goals are indeed materialising. From their point of view, follow-up and control are managerial actions directly deriving from planning:

It's great to plan and program but in the end, you need to know, not guess, that the plan is being realised. There's no room here for assumptions: if there's no follow-up, we can't know what's happening, we won't know if we're fulfilling our tasks.

In line with this perception, business managers report on the variety of mechanisms they employ geared to organised, methodical managing of follow-up and supervision.

The tool I used was correspondence. I like to see reports written and not just provided verbally. And that doesn't occur only with me but also with my managers and also within the teams. If a culture of mutual reporting is formed within the team, it later saves a lot of problems, not only of misunderstandings, but also prevents real mistakes

Human Resources Management - As can be seen in the previous section, which relates to the manager's views, management of human resources in the organisation is perceived by them as an important factor in defining their role. When reviewing the managers' descriptions of managerial activities, this sphere receives substantial weight. Managers' reports on tasks connected human resources focus primarily on actions of instruction, support and consultation.

As the manager of the organisation, I need to ensure that everyone receives professional instruction, and I hold ongoing follow-up meetings with quarterly feedback; the emphasis is on personal development. I spend approximately half of the week with coordinators and team leaders – helping, supporting, brainstorming, promoting projects, and so on.

3.4. Disparity between Ideal and Reality among NPO Managers

Several findings reported by NPO managers indicate substantial differences between what a manager considers as ideal and what the reality is:

The relationships with board members- NPO managers indicated that the board's composition and functioning has an impacting force on the organisation's success. However, a reality check shows that many executives demonstrated dissatisfaction with the board's functioning, its level of involvement and the relationship created between the manager and the board members:

I'm very dissatisfied, there's too little taking of responsibility particular regarding opening up avenues, and I'd definitely be happy to see a more dominant board recognised among the general public (14).

The quality of midlevel managers- managers note that NPO staffs at this level are devoted quality employees yet are perceived as having only middling to weak managerial abilities:

Within the managerial level, there is a cooperation and good relation, but some [staff] are insufficiently professional, which puts the pressure and responsibility on me.

Planning and human resources management – although planning and human resources management appeared in managers' remarks as important elements, managers in the third sector report that in actuality they feel that they are unable to turn sufficient attention to these issues.

I feel that I don't deal sufficiently with planning and defining tasks and a little too much with urgent issues, at the expense of planning. I don't manage to meet the employees; don't sufficiently get out into the field. I feel frustration of my inability to invest in them.

4. Conclusions and Recommendations

Executives, being the leaders of the organisation, bring their values and their personal attitudes to the company and these become assimilated in the workplace, some researchers even state that the executive's personality and managerial style plays a significant role on the character of the organisation. These aspects get translated into the organisation's culture, behaviour and formal procedures (Alon, 2006). Others claim that values and professional comprehensions determine the way managers reach their decisions and set organisational priorities. It can be said that the executive's managerial style influences both the organisation's soul and its performance (Lin, Wu & White, 2005).

The research findings support these claims, by indicating how the CEO's managerial style dictates the way she or he conducts the organisation. The analysis of the findings reveals four levels of managerial patterns demonstrating this influence: values, personal beliefs and attitudes towards managerial roles, acquired skills, and everyday and tasks. These categories are of mutual influence on each other and hold the potential to provide a broad picture of the managerial world (Bowers & Seashore, 1966; Levi, 2008).

Findings indicate that most managers share common *values* such as: integrity and honesty, social responsibility, personal diligence, and willingness to excel. They describe an intermingling of values that relate to morality and justice together with beliefs that express commitment to achievement excellence. It is a combination of values that represents high social commitment alongside their readiness to strive towards achievements, and which has a positive influence on their organisation's ability to become successful (Dolan, Garcia & Landau, 2007).

It is interesting to note, however, that sharing the same values does not necessarily indicate shared manager attitude and beliefs concerning management. NPO managers tend to emphasise the importance of human relationships, high values and the ability to create a vision, whereas the managers from the private sector point to a combined model that also encompasses the ability to execute the company's mission in a thorough, target oriented manner. This brings takes us back to the issue of tension between management and leadership.

There is no doubt, organisations need real leadership that provides values and creates the organisation's direction (Dolan, Garcia & Landau, 2007), but they also need executives that are able to implement its mission and goals. The desirable managerial model needs to contain both leadership as well as management skills (Peshier, 2008).

In addition, these different beliefs are also presented by *their day-by-day activities* and duties. Unlike their colleagues, managers from the private sector present their strong focus on planning, follow-up and control, people management, and marketing and sales activities. When comparing their actions (as reported) to those taken by the NPO managers, the uniqueness aspect of business managers' actions surfaces as continuity: They describe ongoing activity which commences with long term (strategy) and short term (objectives) planning, and continues with control activities geared to ensure that the company is achieving its expected outcomes, and that the company's tasks and activities are directly connected to its mission.

Participants from the private sector also report on a variety of follow-up systems employed for managing corporate resources. Elements such as written reports, one on one meeting, and financial reports, support the executive's conduct of tasks and management of employees. Although NPO managers feel responsible for drawing up plans to the organisation's greatest advantage, but complain that they lack sufficient time, being so overloaded by ongoing duties that cannot allocate time to these important activities (Bell, Moyers & Wolfred, 2007).

The managerial style of NPO executives is also presented by their acquired professional experience and formal education. Similar to previous studies (Singleton, Cunningham & Evans, 2006) which show that roughly 1/3 of the third sector had a prior permanent executive director experience, the current study indicates a correlation between professional experience and skills. The majority of NPO managers participating in this study hold a social or humanities academic degree and have formal studies in management.

This fact is supported by research which found that when NPO staff members are MBA graduates, organisation culture is more operational and streamlined, emphasises efficiency and result orientation. It explains the deficiency in NPO managers' business knowledge and tools, which are studied in management programs in the business sector (Weinberg, 2008).

The sense of mission, the desire to influence and improve society, and the high functional motivation, surfaces in the personal narratives of the NPO managers. As organisation leaders, they hold considerable influence over the organisational culture created (Gal, 2006). Participants of the current study describe cultures typified by the values of contribution and concern for the other, both within the organisation and outside. The shared ideologies often connect the organisation's workers, creating an atmosphere of partnership, providing meaning to the work, and raising team commitment to the organisation (Pesher, 2008).

The findings are also supporting the 'Full Range Managerial Circle Model' approach (Bass & Avolio, 1997) suggesting that to maximise their organisation's achievements, executives are required to hold both leadership and result oriented management style. Therefore, in order to expand the organisational achievements, NPO managers are required to resolve the tension between managerial abilities connected with result orientation and leadership abilities that influence the mood of the organisation, towards creating equilibrium between these two parts (Mastrangelo, Eddy & Lorenzet, 2004; Muldoon & Katz, 2003).

If these abilities are to be developed, two parallel actions need to be taken. The first is assisting executives in consolidating a managerial perception that integrates their idealism with approaches that encompass planning, implementation, follow-up and control.

As with previous theories, the current study indicates the third sector executives' role to create and to consolidate organisational strategies. The importance of the strategic process is inherent to their ability to create the necessary continuity between mission and goals, and the daily operative tasks which realise the organisation's true impact. A consolidated strategy assists the organisation's leaders to evaluate the relationship between actions, outcomes and long term impact (Anderson, 2006).

The second step is to create opportunities for managers to acquire the skills needed for effective management. These skills include identifying the mission, and stakeholders' expectations, carrying out planning and financial management, and applying measurable parameters, follow-up and control activities towards verifying that decisions are effectively implemented (Apelboim, 2003; Herman & Renz, 2008).

These two actions are leading the organisation towards a holistic process that connects the organisation's mission to everyday activities. This change in attitude has begun to appear in NPO managers' stances: When asked, what kind of leaders will be needed by organisations in coming years, they refer to emerging capacity issues such as advocacy, business planning and rethinking strategic planning. They see a need to move beyond categorical management – a fundraising plan, a strategic plan, a budget – towards an integrated model for sustainability and deeper impact (Bell, Moyers & Wolfred, 2007).

An additional component surfaced in the research findings: Managers of NPOs find direct correlations between the organisation's success and the quality of its board. Board members must possess professional qualifications and skills that enable them to support the executives in the decision making process. The real contribution and value of the board lies in its collective wisdom and their commitment to share responsibility together with the professional manager (Berman, 2002; Herman & Renz, 2004).

Comparison between non-profits and business companies

The study argues for the issue of comparison. The experience of learning from successful executives from the for-profit sector includes a process of comparison between the two groups of participants, based on the understanding that it is indeed possible to draw a comparison between businesses and NPOs, on the basis of the claim that these two entities share many similar characteristics. The findings show that managers from both sectors define similar aspects as contributing to organisation success: clear vision, the quality of human resources, and a culture that

encourages team work, self responsibility and professionalism. They also share common views on the parameters for creating managerial style: values, attitudes and tasks. The points noted above indeed lend legitimacy to making such a comparison.

The current study does not aim to ignore the potential risks when comparing the two sectors' organisations, or when seeking to implement managerial tools as used in the business world, and it suggests that important knowledge can be gained from the comparison process, especially when remaining aware of its limitations. Adopting strict ways of transacting economic business for NPOs is a problematic issue. It may force non-profits to become more and more like businesses, putting some of their individuality, creativity, and special values at risk (Young, 2007).

The research results lead to concluding that applying the tools developed in the business sector is relevant and even necessary in the third sector, and business studies may provide NPOs useful insights (Harris, 2010). This process may be relevant only after modification in accordance with the unique characteristics of social managers (Herman & Renz, 2008).

5. What Next? Further Implementations

5.1. The role of philanthropy

The findings strengthen previous theories (Buteau, 2009; Capers, Collins & Gooneratne, 2008; Croson, 2004) which argue that philanthropic donors and foundations hold a significant role in the development and improved performance of NPOs executives. The need to provide professional support to the CEOs in order to increase their effectiveness can be more easily achieved if grant-makers display a different attitude as far as their strategy of involvement (Kramer, 2001):

A philanthropic organisation's goals cannot be achieved through program support alone. The overhead needed to run the organisations' programs must also be supported (Capers, Collins & Gooneratne, 2008). Philanthropies should recognise that the management capacity of an organisation is essential constraints on long term programmatic impact (Taevere, 2007). Such actions will likely encourage managers to become more professional and present higher organisational effectiveness (Anheier, 2005; Manno, 2006).

There is a certain advantage to the fact that some philanthropists derive from the business sector. The study shows that non-profit executives can learn from the private sector in terms of performance measurement system design. Appropriate and sensitive use of the knowledge they have acquired, and availing it to third sector managers. This will occur only if philanthropy can also adapt itself with appropriate sensitivity to the peculiarities and unique role held by of non-profit executives, and their special function within society (Andrés-Alonso et al, 2009; Young, 2007).

5.2. Third Sector Managers and Top Leadership

The sector's leadership and its infrastructure organisations are called on enabling every manager to discover and continually seek to improve her or his management practices (Herman & Renz, 2004). It is recommended that platforms are established for promoting dialogue among executives, and mutual-learning peer groups be set up. Peer- group training and consultation can do much to help these managers share their professional outlook and gain the skills they seek and help them up a myriad of learning curves that rainbow out in front of them (McNamara, 2008).

The Board - Although being a board member is a formal role, it nonetheless holds potential for significant influence on the NPO's conduct. It is therefore of utmost importance to recruit board members with relevant professional backgrounds, as this may increase the institution's performance (Olson, 2000)

5.3 Academia and Further Research

The current study is initiatory, earmarking certain trends that require further research. It is necessary to re-examine the degree of effectiveness in applying the best practice method in general, and especially in using that information as a learning tool when intending to use best practice criteria imported from the business sector to evaluate successful third sector managers (Mold & Gregory, 2003).

The new trend of the academy, opening programs in management faculties, as part of MBA studies, directed at and appropriate to managers of third sector organisations, can also be used to good advantage, by acquiring social managers with wide range of organisational theories and management models (Weinberg, 2008).

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