

Philanthropie Aktuell

EDITORIAL

Dear readers,



Nonprofit organizations (NPOs) are often considered less difficult to manage than companies. However, this idea is above all prevalent among outsiders. Especially managers who switch from the profit to the nonprofit sector become quickly aware that NPOs also have their pitfalls and management challenges. The complexity of NPO management lies above all in the diversity of its stakeholders. It is not only customers or clients that have to be satisfied, but perhaps also their relatives. Employees are not only paid, but perhaps also volunteers. And the investors don't want to see a return on investment; rather they want to have their say and receive far-reaching reports – tailor-made to their expectations.

In recent years, the financing of NPOs has undergone major changes, which has in turn led to increased reporting requirements, regulation and volatility. This requires all the more management skills in operational and strategic management. In this issue of «Philanthropie Aktuell», we focus on the latest research findings and various stakeholder perspectives on NPOs. And perhaps you will seize the opportunity to once again analyze the stakeholders of your organization in more detail.

Wishing you a pleasant read.
Georg von Schnurbein

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Georg von Schnurbein

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Management Challenges in NPOs

Nonprofit organizations (NPOs) are experiencing increasing pressure to become more efficient and effective. Digitization, more intense competition and professionalization are leading to increasingly complex environments, placing new demands on the management of NPOs.
By Sara Stühlinger and Sophie Hersberger

The nonprofit sector is very diverse. Not every NPO is confronted with the same management challenges. It is therefore not advisable to simply and unconditionally imitate the behavior of other NPOs. Rather, one has to analyze one's own strengths and weaknesses in order to find appropriate solutions.

Challenging stakeholder structures

NPOs are confronted with complex stakeholder structures. With respect to their operations, they not only have to focus on a paying client, but at the same time have to deal with a large number of very diverse stakeholders. Typical stakeholders include various donors, volunteers, employees and not least their beneficiaries. Concurrent with the appearance of new sources of financing and growing requirements for transparency, impact management and communication, this stakeholder complexity is further increased. In order to meet this challenge, it is important that an NPO first becomes aware of its stakeholders and the extent to which they differ in their needs.

High focus on efficiency

Measuring the efficiency of an NPO is not an easy endeavor. As an approximation, the administration and fundraising ratio is often used, which puts the expenses for administration and fundrai-

ing respectively in relation to total expenses. Although such a ratio measures only part of an NPO's efficiency – the input side – it is relatively easy to calculate. This key figure can be helpful for classifying one's own work. However, the results should be put into context. For example, an expansion of fundraising initially causes higher fundraising costs. However, this will often only be reflected in higher revenues and thus higher project expenses in later periods.

Increasing impact orientation

In order to comprehensively capture their success, NPOs must go beyond mere performance reporting. With respect to this, in recent years there has been an increase in impact orientation within the nonprofit sector. This represents a positive trend, as NPOs move beyond looking at their input side, and more strongly focus on their effectiveness, i.e. their impact. However, impact management is accompanied by various challenges. For one, impact analysis itself is not an easy endeavor. Furthermore, the costs resulting from such an analysis have to be considered early on, for example at the point in time of project submission. For the impact analysis itself, it is important to keep in mind that effects can not only be measured, but also described, since not everything is easily quantifiable.

Do business tools really help?

A commonly heard criticism is the following: NPOs lose sight of their social goals when they adopt too many methods from the business world. In the academic literature, this is referred to as mission drift, i.e. resources are used differently than would be appropriate for fulfilling an NPO's main purpose. Nevertheless, examples from both research and practice show that learning from companies and the adaptation of business models and instruments can also be beneficial to NPOs. However, NPOs need to consider what adjustments may need to be made in order to use such management tools effectively. Market orientation in the NPO context, for example, has a different meaning than it does in a for-profit environment.

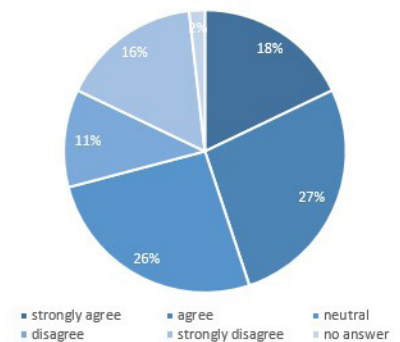
Strategic collaboration

Last but not least, strategic collaboration can be of help for preserving or securing important resources. As the pressure to deliver services more efficiently and effectively increases, partnerships, sharing of know-how or infrastructure, and

As part of their dissertation projects, Sara Stühlinger and Sophie Hersberger conducted a survey among Swiss nonprofit organizations (NPOs) in spring 2018. Among other things, the degree of networking and resource sharing with other organizations was surveyed. It was found that a majority of the approximately 600 NPOs surveyed network with other organizations (nonprofit and for-profit) and share resources with others.

Source: Own survey

We network and share resources with other organizations



collaboration in service delivery may be an increasingly important and successful strategy. Collaboration and cooperation are not only important in the core business, but also in agenda-setting. Together, NPOs have a voice in politics and society that they do not have individually. This can enhance their ability to draw attention to social issues and problems.

For some NPOs, other challenges will be of more critical importance, such as changing revenue sources (e.g. swit-

ching from object to subject financing), scarce financial resources or changing volunteer needs. However, all these challenges should also be viewed as opportunities for the efficient use of resources, effective service delivery and thus a more transparent and stronger sector.

Sara Stühlinger and Sophie Hersberger are research assistants at the CEPS. In their dissertations, they deal with the «Management of financial resources in NPOs» and the «Market-orientation of NPOs».

Insights into scientific work: A conference report from ARNOVA 2019

Every year, CEPS employees travel to scientific conferences in order to keep up with the current academic developments, present their own projects and maintain contacts with international researchers.

The ARNOVA conference – organized by the Association for Research on Non-profit Organizations and Voluntary Action (ARNOVA) – is one of the largest scientific conferences in our field. This year's conference was dedicated to nonprofit organizations (NPOs) and philanthropy in a polarized world.

The conference opened with a panel, in which researchers discussed the opportunities and risks of philanthropic behavior and actions. Large nonprofit institutions that can exert a great deal of influence with their funding activities found themselves in the spotlight of this discussion. Critical voices noted that especially donors who have prospered through a capitalist system are unlikely to be interested in supporting real change. Others spoke out in more positive terms, emphasizing the positive sides of such institutions. Specifically, it was argued, that these organizations, due to their independence and freedom, can take a long-term perspective and re-

act quickly to urgent problems. In the discussion, it became clear that the understanding of philanthropy here primarily encompasses major donors and large foundations, whereas in our understanding philanthropy relates to «every voluntary private action for a charitable purpose».

The rest of the conference was divided into smaller sessions in which researchers presented their current scientific articles and projects. Management challenges in NPOs also featured prominently. We presented results of our research on the reasons for professionalization in NPOs and the effects thereof. We were able to show that individual external influences that affect NPOs (e.g. the establishment of NPO-specific education and training programmes) positively influence the extent to which objectives are achieved. Surprisingly, standards and regulations had no effect on professionalization.

Another research project, in which the

CEPS is involved in, is investigating «Episodic Volunteering», which is a mostly event-based, short-term form of volunteering. In Switzerland and around 20 other countries, data has been collected over the past two years and first results have now been presented at ARNOVA. We examined differences between volunteers in the cultural and social spheres. Preliminary results of the Swiss data indicate that the motives for volunteering in these two sectors are very different. In the coming weeks, we will carry out the analysis with the international data set and check whether these results remain valid.

In addition to exciting insights into current research projects and debates, conferences of this kind also offer chances to meet up with fellow researchers in our field from around the world. And as in the case of «Episodic Volunteering», they hand us the opportunity to propel existing or to launch new joint research projects.

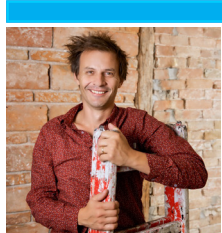
Sophie Hersberger and Sara Stühlinger

«Our stakeholders are also our voice and our multipliers»

Nonprofit organizations (NPOs) face a multitude of management challenges (see lead article). The CEPS had the opportunity to talk to Jonas Staub, Managing Director of «Blindspot Inklusion und Vielfaltsförderung Schweiz», about increased demands on NPOs and how his organization deals with them.

CEPS: What does Blindspot do?

J.S.: Blindspot is committed to the self-evident belonging of all people: in other words, to inclusion. We want to promote the understanding in society that all people, especially those with disabilities or social impairments, have an important added value for society.



Jonas Staub founded the NPO Blindspot Inklusion und Vielfaltsförderung Schweiz in 2004 and has been its managing director ever since. He is Ashoka Fellow and promotes social entrepreneurship. In 2018 he won the Public Award at the first Swiss Diversity Award Night.

CEPS: Keyword society: The stakeholder environment of NPOs is becoming increasingly complex. Do you notice that too?

J.S.: We definitely notice this and that certainly presents us with challenges. First and foremost, however, I would like to emphasize that we see this complexity primarily as an opportunity. If the demands placed on us grow and if a wide variety of stakeholders keep an eye on our work, this conversely means that more attention is paid to our concerns and that we can find more support for our objectives. At the end of the day, our stakeholders are also our voice and multipliers of our concerns. But of course: a complex stakeholder environment also entails a great deal of effort, for example in terms of persuasion. We have to be very active in seeking dialogue.

CEPS: The demands on NPOs to work as cost-efficiently as possible are rising. At the same time, NPOs should increasingly demonstrate their impact. Are these two demands compatible?

J.S.: From my point of view absolutely. I would even go so far as to say that this is a very positive development. To some extent, the NPO world has become somewhat sluggish: what was

once innovative has become somewhat rusty over time. In the end, NPOs are committed to the common good – and if this task is tackled inefficiently, the question of how meaningful an offer still is, is certainly a legitimate one. We basically have a quite positive perception of donors, who impose conditions on us. For some time now, we have been employing a research assistant in our organization to measure our impact. This person supports all employees of our organization in planning our projects as effectively as possible right from the start. As a result, measuring our impact becomes ever more easy for us and costs are lower in the long run. As an NPO, however, we also have to keep a critical eye on the requirements that are placed on us. For example, one also has to have the courage to approach a financier and say: if you want more performance, you should also be willing to pay a little more. If we are required to carry out very extensive impact assessments, we are happy to do so, but we also clearly communicate that we need more budget in order to be able to do this.

CEPS: Blindspot stresses the importance of networking. What importance do collaborations have for your work?

J.S.: Cooperation with other organizations from different sectors is very relevant for us, not only at the project or supply level, but also at the structural level. For example, we can learn a lot by looking at which specific instruments other organizations use or how they deal with specific challenges. Interestingly, at the structural level we benefit most from the for-profit sector. Of course, since we want to achieve social change, we have an NPO character. But especially in our start-up phase, it helped us enormously to orient ourselves to the mechanisms, patterns and procedures of the profit sector. Generally speaking, the for-profit sector has a lot of experience in dealing with pressure and in designing efficient workflows.

However, collaboration is by no means an easy endeavor, as both sides need to be very willing to cooperate. I believe that the NPO sector can learn from the strong, pronounced and genuine networking interests of the private sector and take this as a good example.

CEPS: Many thanks!

CEPS INSIGHT

Oto Potluka elected board member

Oto Potluka, Senior Researcher at the CEPS, was elected to the Board of the European Evaluation Society (EES) on 7 November 2019 – and will take up his new post on 1 January 2020. The CEPS warmly congratulates Oto Potluka and wishes him success in this role.

tinyurl.com/EESElection

Swiss Philanthropy Studies Workshop

On 26 September 2019, for the fifth time already, the CEPS invited NPO researchers to the Swiss Philanthropy Studies Workshop. This year's event focused in particular on current research in the area of volunteering and legal issues in the field of philanthropy. Furthermore, the strengthening of transdisciplinary research was intensively discussed.

ceps.unibas.ch/en/about-us/ceps-research-fellows/

New CEPS publications

In autumn 2019, the CEPS was able to publish various academic contributions. These include the Handbook on Corporate Foundations, a scientific article on co-production as a driver of satisfaction in service organizations, and an article on the effects of EU funding on the capacities of nonprofit organizations.

ceps.unibas.ch/en/publications/

Small NPOs are more frequently led by women

On 4 December, the CEPS and PPCmetrics presented the Yearbook of Relief Organizations 2019. In addition to financial figures, this year's edition deals with the composition of management bodies in NPOs.

The Yearbook of Relief Organizations is published annually by the CEPS and by PPCmetrics. It contains financial figures of nonprofit, donation-collecting nonprofit organizations (NPOs) and is based on the publicly available financial statements of the 492 Zewo-certified organizations in Switzerland.

The analysis of the financial figures of 2018 shows, among other things, that NPOs continue to hold a high proportion of their assets in liquidity. With regard to the average reserve ratio, it can be observed that this has hardly changed since 2015. NPOs with an international focus have, on average, a lower reserve ratio, although they hold more liquid funds in percentage terms. Compared to other investors (e.g. pension funds), the investment result of NPOs is pleasing. NPOs continued to invest cautiously in 2018, losing only around 0.5% despite declines in share prices (Swiss pension funds around -3.0%). However, NPOs are also affected by negative interest rates. As a countermeasure, money could be spread across several accounts, riskier investments could be made and fees could be negotiated.

This year, the gender distribution in NPO management bodies was also analysed. On average, 46% of NPOs are headed by women. This proportion varies depending

on the size of the organization. For larger NPOs (operating expenses over 10 million Swiss Francs) the proportion of women is 24%, for smaller NPOs (operating expenses of up to 1 million Swiss Francs) this increases to 65%. The proportion of female presidents, on the other hand, is stable at around one third across all size classes. On average, the Board of Directors or Board of Trustees are made up of 43% women.

Nicholas Arnold

Publication (available only in German):
ceps.unibas.ch/de/publikationen/#c1163

DID YOU KNOW? 2544

After the CEPS celebrated its 10th anniversary last year, «Philanthropie Aktuell» is now also celebrating its ten years of existence, with the first edition having been published at the end of 2009. The CEPS would like to thank its readers and especially our current 2544 subscribers for their interest in our bulletin.

All editions: ceps.unibas.ch/en/philanthropie-aktuell/

Innovative Foundations?

Steffen Bethmann's doctoral thesis has been published in book form by Springer-Verlag.



Are charitable foundations able to promote social innovation and what determines their ability to become social innovators? These were the questions that Steffen

Bethmann – former research associate at the CEPS – focused on in his doctoral thesis. The findings from his comprehensive case studies have now been published in book form by Springer-Verlag under the title «Stiftungen und soziale Innovationen: Strategien for solving social problems». A summarized version is also available in English (see below).

The results show that the innovative capacity of foundations is defined early on in their existence and strongly depends on their capital structure – social, cultural, financial and symbolic – and on their institutional characteristics. Interestingly, it is precisely the structural inertia and predictability of foundations that make them reliable actors in social innovation processes. The study contributes to a better understanding of the innovative capacity of foundations – and how this can potentially be improved.

Nicholas Arnold

Book: springer.com/de/book/9783658270759
English: ceps.unibas.ch/en/publications/#c1191

CALENDAR

Executive Education

Info-Event Global Social Entrepreneurship

13 January 2020, 18.00h, Zurich
16 January 2020, 18.00h, Basel
20 January 2020, 18.00h, Geneva

Intensiv-Lehrgang Stiftungsmanagement

09 - 13 March 2020, Sigriswil

Master Class

06 - 08 April 2020, Geneva

CAS Global Social Entrepreneurship

5 Modules – online, Basel, on-site
Latest completion of module 1 (online):
21 September 2020
ceps.unibas.ch/en/certificate-course-global-social-entrepreneurship/

[Register Now -> CEPS Executive Education](#)

FURTHER DATES

Basel Peace Forum

Swisspeace
09 - 10 January 2020, Basel

Forum Förderstiftungen Bundesverb. Deutscher Stiftungen

22 - 23 January 2020, Hamburg

Zürcher Stiftungsrechtstag SwissFoundations & Zentrum für Stiftungsrecht der Universität Zürich

30 January 2020, Zurich

NPO Forum: «Trends und Entwicklungen im NPO-Sektor»

Hochschule Luzern, Institut für Betriebs- und Regionalökonomie
26 March 2020, Lucerne

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