

## Improving Leadership Effectiveness with a Nonprofit Organization's Donors and Volunteers

**Robert B. Richardson**, DBA, MBA, MSM, CMQOE, CQA, LSSBB

DeVoe School of Business  
Indiana Wesleyan University, USA

[robert.richardson@myemail.indwes.edu](mailto:robert.richardson@myemail.indwes.edu)



Nonprofit organizations (NPOs) benefit society by providing services and support for specific issues that other organizations ignore or deem unprofitable (Sneath, 2021). While NPOs operate similarly to commercial enterprises, there are differences. The need to raise money from donors and to have volunteers support the NPO's work efforts are critical areas of divergence. For some NPOs, their work and results are well-known and documented. That familiarity makes it easier to obtain financial support and recruit volunteers to aid their mission. However, smaller, less prominent NPOs operate at a disadvantage. Therefore, alternate strategies are required to build new relationships with donors and volunteers while strengthening existing ones.

This summary highlights a challenge faced by a small NPO in the southern United States, the research findings related to the matter, how additional organizational-specific determinations were made, and how the data analysis is being used to address the organization's issue. The NPO has requested anonymity and, for this document, will be referred to as Compassion and Care Services (CCS).

### **The Problem**

Within the local market, CCS is a smaller NPO serving persons experiencing homelessness and food insecurity. At the inception of this effort, the organization was helping approximately 50 individuals per day. However, through most of the pandemic, the NPO saw an increase in persons requiring assistance as the impacts of layoffs, marketplace changes, and other factors became more common. Collectively, these variables resulted in the CCS caring for 60–65 clients per day. Over recent months, that number increased to 70–80 as rising housing costs and inflation have resulted in more persons requiring help.

The CCS operates with a modest budget and only three direct paid staff members. However, grants and additional funding from partner agencies help temporarily staff specific vital roles supporting clients. Because of their limited financial resources, the CCS relies heavily on local donors and volunteers to serve those in need. The CCS is a faith-based institution providing services regardless of a client's belief system. However, many of their donors and most of their volunteers are Christian. In addition, demographically, these two stakeholder groups skew older, with many volunteers being retired individuals affiliated with local churches.

Two other external factors influence the current environment related to the need for planned growth. The first is the changing demographics within the Christian church. According to Pew Research Center (2019), fewer people are self-declared as Christians. Over the past decade, the number of individuals identifying as Christians has declined by 12%. The second critical challenge is that others' inaccurate perceptions of those experiencing homelessness marginalize the CCS's clients. Moxley et al. (2012) identified that these beliefs harm this vulnerable population and negatively affect those individuals and the local community.

### **Driving Research Question and Findings**

Work for the CCS focused on two specific research areas, the first being the research's focus and the second question to be researched and addressed at a future date. The immediate question centers on key stakeholders' perceptions regarding the behaviors associated with generalizable leadership effectiveness.

---

Once fully implemented, the change management plan will also initiate research into the second driving research question to provide additional insights into the specific required strategies.

- What leadership behaviors and practices do the CCS's donors and volunteers find most effective?
- What leadership strategies can the CCS use to increase effectiveness and favorable influence with donors, volunteers, staff, and clients, considering current demographic and philanthropy changes and economic uncertainty within the local market?

While many similarities exist between NPOs and for-profit enterprises, Allison et al. (2018) determined that NPO leaders should focus on their leadership effectiveness because they must do more with less. As such, NPO leaders must be intentional in determining which leadership behaviors resonate with key stakeholders. In addition, Herman and Renz (1998) identified that a critical challenge for NPOs, their executive directors (ED), and the board of directors (BOD) is that stakeholders possess differing expectations of NPO leaders. This finding provides guidance that an NPO's ED and other leaders must demonstrate multiple behaviors to connect with the broadest possible group of stakeholders.

While no leadership approach will meet all stakeholder needs, some styles are more frequently effective than others. For example, Stahl et al. (2014) determined that transformational leadership created the most favorable outcomes for NPOs. Similarly, Dwyer et al. (2013) found that transformational leadership had the highest correlation with volunteer satisfaction. With the CCS relying heavily on volunteers to serve clients, these findings align with a critical need.

Rowold and Rohmann (2009) found that transformational leadership practices positively correlate with favorable outcomes for NPOs' stakeholders. For CCS leaders, balancing the needs of all stakeholders is essential. Finally, Scott et al. (2020) also identified the benefits of transformational leadership in an NPO. Additionally, that research showed that authentic, servant, and spiritual leadership favorably aid NPOs.

### **Methodology**

Researchers such as Herman and Renz (1998), Stahl et al. (2014), Dwyer et al. (2013), Rowold and Rohmann (2009), and Scott et al. (2020) have identified that transformational, authentic, and servant leadership styles were the most effective within nonprofit organizations. With reliance on the scholarly research, the next step required developing an assessment instrument (survey) to evaluate CCS stakeholder perceptions of leadership behavior effectiveness. While not evaluating the CCS leaders' effectiveness, this survey focused on behaviors aligned with the various leadership styles.

Although the survey did not collect personal information, respondents provided their stakeholder roles. Where stakeholders served in multiple roles, their responses were recorded once at the aggregate level but counted independently within the various stakeholder groups. Responses on leadership behavior effectiveness were based on a 5-point Likert-type scale ranging from very ineffective (1) to very effective (5). The ED distributed electronic surveys to all the organization's BOD, employees, partner agencies, donors, and volunteers. A paper-based version was also made available. The survey was planned to last two weeks but was extended for a third week because of lower-than-anticipated response rates. In total, 80 surveys were distributed, with 28 individuals responding, resulting in a response rate of 35%.

### **Analysis**

The researcher analyzed the data using the arithmetic mean based on the specific responses provided and the percentage of persons stating a behavior to be effective. The last measure combined the percentage of persons identifying a practice as effective and added that to the percentage of persons expressing an approach to be very effective. That sum creates the favorability percentage.

Overall, donor responses indicated that transformational leadership behaviors are the most effective. For volunteers, transformational leadership behaviors had the highest mean, with authentic leadership behaviors having the highest favorability percentage. Figure 1 provides the aggregate results by question for all donors and volunteers.

**Figure 1**

*CCS Leadership Style Effectiveness Results*

Leadership Style	Theme	ALL RESPONSES		DONORS ONLY		VOLUNTEERS ONLY	
		Mean	% Favorable	Mean	% Favorable	Mean	% Favorable
AUTH	Balanced Processing	4.51	97%	4.33	93%	4.38	100%
AUTH	Internalized Moral Perspective	4.36	89%	4.00	80%	4.33	89%
AUTH	Relational Transparency	4.71	100%	4.67	100%	4.63	100%
AUTH	Self Awareness	4.37	86%	4.00	67%	4.50	100%
SL	Awareness	4.20	69%	3.80	53%	4.13	63%
SL	Commitment to the Growth of People	4.63	94%	4.47	93%	4.50	88%
SL	Community	4.69	97%	4.60	93%	4.63	100%
SL	Conceptualization	4.32	76%	3.93	64%	4.25	63%
SL	Empathy	4.60	97%	4.40	93%	4.63	100%
SL	Foresight	4.34	91%	4.20	93%	4.13	88%
SL	Healing	4.42	83%	4.07	73%	4.33	78%
SL	Listening	4.72	97%	4.53	93%	4.78	100%
SL	Persuasion	4.31	89%	4.00	80%	4.38	88%
SL	Stewardship	4.67	97%	4.53	100%	4.89	100%
TFL	Idealized Influence	4.92	100%	4.80	100%	5.00	100%
TFL	Individualized Consideration	4.74	100%	4.60	100%	4.63	100%
TFL	Inspirational Motivation	4.42	89%	4.13	80%	4.44	89%
TFL	Intellectual Stimulation	4.31	80%	4.00	73%	4.13	63%

*Note.* The CCS Leadership Style Effectiveness Survey was open from 05/26/22 through 06/18/22.

Besides the foundational analysis reflected above, the research included 2-sample t-tests and chi-squared tests for association to determine if any statistically significant differences were evidenced between the donors, volunteers, and other stakeholders. In three cases, the analysis discovered their existence. These were the 2-sample t-tests for all three leadership styles between the donors and the total of all stakeholders. Responses from volunteers provided no statistically significant differences.

The identified differences, whether statistically significant or not, aligned with scholarly research that the perceptions and needs of donors and volunteers are different. In addition, this information allows the CCS to determine other behaviors that favorably engage both groups to develop strategies to build stronger relationships with current stakeholders and create new ones.

**Recommended Solution**

The researcher provided multiple options to the CCS' ED from these results. These included taking no action, obtaining additional qualitative data, and integrating the Virtuous Business Model into a new survey. The ED selected gathering other qualitative data gathering from stakeholders. The latest information will be coupled with the completed data to develop collaborative strategies for the CCS BOD, ED, and leaders to further improve donor and volunteer engagement.

The anticipated timeline depends on resource availability, with an estimated range of two to four months. Activities will not have any financial impact on the organization other than the short-term opportunity cost involved in the data gathering. The critical activities related to the recommended solution are reviewing the completed analysis, gathering qualitative information, identifying opportunities, developing strategies and success measures, and implementing the plan.

### **Additional Areas of Inquiry and Applicability**

While the survey and analysis were conducted for the benefit of CCS, additional applications exist as a result of this work. For NPOs, given the importance of donors and volunteers to successfully executing its work, replicating this approach provides quantifiable insights to improve relations with these groups. For other organizations, using this model to determine what particular behaviors resonate most favorably with employees can aid in improving their engagement through a better understanding of their perceptions. This newly identified potential application would greatly benefit leaders in improving their relationships with followers within the Leader-Member Exchange theory of leadership.

### **Conclusion**

Work performed by NPOs is critically important to society. For the CCS, its work with vulnerable persons increases the importance of fostering stronger relationships with all stakeholders, most notably with the donors and volunteers who directly contribute to the CCS' mission.

The broader implication of this work includes applying differing strategies for varying stakeholders and determining what specific actions create the most favorable outcomes. For the CCS, both improved and new relationships with donors and volunteers are critical to helping those experiencing homelessness and improving the quality of the outcomes.

### **References**

- Allison, M., Misra, S., & Perry, E. (2018, June 25). *Doing more with more: Putting shared leadership into practice*. Non Profit Quarterly. <https://nonprofitquarterly.org/doing-more-with-more-putting-shared-leadership-into-practice/>
- Dwyer, P. C., Bono, J. E., Snyder, M., Nov, O., & Berson, Y. (2013). Sources of volunteer motivation: Transformational leadership and personal motives influence volunteer outcomes. *Nonprofit Management & Leadership*, 24(2), 181–205.
- Herman, R. D., & Renz, D. O. (1998). Nonprofit organizational effectiveness: Contrasts between especially effective and less effective organizations. *Nonprofit Management & Leadership*, 9(1), 23.
- Moxley, D., Washington, O., & McElhaney, J. (2012). 'I don't have a home': Helping homeless people through faith, spirituality, and compassionate service. *Journal of Religion and Health*, 51(2), 431–449. <https://link.springer.com/article/10.1007/s10943-010-9363-6>
- Pew Research Center. (2019). *In U.S., decline of Christianity continues at rapid pace* [Fact sheet]. <https://www.pewforum.org/2019/10/17/in-u-s-decline-of-christianity-continues-at-rapid-pace/>
- Rowold, J., & Rohmann, A. (2009). Relationships between leadership styles and followers' emotional experience and effectiveness in the voluntary sector. *Nonprofit & Voluntary Sector Quarterly*, 38(2), 270–286.
- Scott, H. K., Carr-Chellman, D., & Hammes, L. (2020). Profound leadership: An integrative literature review. *Journal of Values Based Leadership*, 13(1), 135–154.
- Sneath, K. N. (2021). Strengthening and transforming nonprofits with leadership profiles and assessments. *New Directions for Student Leadership*, 2021(170), 97–107. <https://onlinelibrary.wiley.com/doi/10.1002/yl.20446>
- Stahl, A., Covrig, D. M., & Newman, I. (2014). Understanding board leadership: Adventist Hospital board chair behaviors and effectiveness and organizational outcomes. *The Journal of Applied Christian Leadership*, 8(2), 49–66. <https://digitalcommons.andrews.edu/jacl/vol8/iss2/5>