

NONPROFIT LEADERSHIP CAPACITY BUILDINGS: SUSTAINABILITY IN AN AGE OF UNCERTAINTIES

Naim KAPUCU

University of Central Florida

Hamit PALABIYIK

Çanakkale Onsekiz Mart Üniversitesi

Ferhod YULDASHEV

University of Florida

ABSTRACT

Nonprofit organizations are experiencing challenging leadership problems. Especially in this era of highly accelerate baby boom retirement new leaders of the increasingly commercialized nonprofit sector are devoid of the leadership skills necessary to accomplish the mission of an organization. This paper analyzes the problem of leadership planning, training, and development and proposes the ways of mitigating the problem through effective transference of knowledge and skills to succeeding leaders by utilizing the strategies of coaching, mentoring, distance learning, workshops, comprehensive training, experiential learning, simulations, or action. Based on the adult education principles from the discipline of psychology and elaborating on the best practice cases, the paper endorses the incorporation of collaborative team-oriented leadership into the nonprofit leadership capacity building programs.

Keywords: *Leadership Development, Capacity Building, Nonprofit Organizations, Leadership Development Approaches.*

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Nonprofit organizations play an important and increasingly substantial role in society today. Their commission to become involved and better society can be seen in virtually every aspect of society today from humanistic outreach to environmental concerns. The roles of these organizations in leading communities must be revisited and backed by effective leadership towards accomplishing their mission in society. Yet many nonprofit organizations suffer from issues that have potential to produce

detrimental effects on the goals of that organization. The very foundation of many nonprofit organizations today is being threatened by the critical lack of leadership; top decision-makers of the nonprofit world have increasingly been devoid of vision, intellectual rigor, and collaborative instinct. This leadership problem of the nonprofit sector will get worse as the sector expands and baby boom executives retire. These issues can be mitigated through the transference of knowledge and skills which have been utilized by successful leaders in the nonprofit field.¹ An area that has recently been brought into the light - networks, in which to obtain this type of information and build the types of skills can only be an effective resource if it is reaching those who need the information and if it is easily accessible.

1.The Need for Leadership Capacity Building

The leadership problem with many nonprofit organizations today is not the result of any single event but numerous events which have been compounded to produce a significant deficiency. There has been a phenomenal growth in the number of nonprofit organizations. This has led to the emergence of thousands of new, single-issue organizations with narrow agendas leading to the fragmentation of the nonprofit world, instead of undertaking broad visionary efforts vital to outstanding leadership. As the number of nonprofit organizations has proliferated, the competition for government funds as well as for scarce private resources has dramatically increased.² This development has not only placed extreme pressure on nonprofit executives, it has also forced them to invest much of their time and energy in fund-raising activities, leaving them with insufficient time to concentrate on planning, program management, and advocacy activities.

Numerous pressures on nonprofit organizations have led toward the commercialization of many of these organizations. Digression of nonprofit organizations from accomplishing organizational mission into engaging in money-making activities has led critics to question these practices from the ethics standpoint. This has prompted to undermine responsible, visionary leadership which has produced managers, not leaders.³ Thus, many of the top executives of these new commercialized nonprofit organizations have become entrepreneurial deal makers, not visionary designers of new programs or institution builders.

Eisenberg⁴, we found this article quite useful and benefited significantly, points out that the commercialization of nonprofit world has led organizations to seek popular figures for executive positions with a mistaken belief that getting a celebrity

¹ Russell M. Linden, *Working Across Boundaries: Making Collaboration Work in Government and Nonprofit Organizations*, (San Francisco, CA: Jossey-Bass, 2002).

² Mike Hudson, *Managing at the Leading Edge: New Challenges in Managing Nonprofit Organizations*, (San Francisco, CA: Jossey-Bass, 2005).

³ Paul C. Light, *Sustaining Nonprofit Performance: The Case for Capacity Building and the Evidence to Support it*, (Washington, DC: Brookings Institution Press, 2004).

⁴ Pablo Eisenberg, 'Solving the Nonprofit Leadership Crisis Will Take Much Work', *Chronicle of Philanthropy*, (2004, 17), p. 44.

aboard will ultimately bring success. By relying on one individual to lead the organization to success, the role of teamwork and collaboration is lost.⁵ The employees and volunteers of nonprofit organizations need a leader who can inspire them through his or her own passion for the organization's goals and mission. Employees yearn for an individual whom they respect, admire, and aspire to be like, a visionary who leads with passion and commitment for the mission of the organization.⁶

The leadership gap is more visible at organizations that provide social services and advocate change within the society. The growing number of people supporting the status-quo has led to diminished concern about poverty, environmental and health protection, and social economic justice.⁷ The development of these trends have caused many nonprofit leaders to become so frustrated with trying to turn these immoral ideals around that they have simply given up.

2. Renewing the Passion for Leadership

Many young people today are discouraged from taking on nonprofit careers. There are several reasons for this, including the high cost of college education, lack of entry level jobs, lack of programs that teach nonprofit leadership skills, and poor civic education. However, these issues can be mitigated through well developed programs that target each area specifically and provide the tools for individuals who need to become successful in pursuing a career in community outreach and public service.

Organizations can invest in the development of future leaders by offering more entry-level jobs for young professionals. Many foundations could finance \$40,000 in assistance for two to three years as well as benefits and award annually the college graduates who commit to work for a nonprofit organization.⁸ By doing this the salary that new graduates are able to obtain by going to work for these organizations is increased exponentially through the supplemental program. These types of programs can help bring qualified individuals into the organization through relatively small costs when compared with what many of these organizations spent on programs that produced little or no benefit to the organization directly.

In order to develop qualified leaders for nonprofit organizations there need to be accredited education programs that offer high quality nonprofit courses as well as

⁵ Barbara Gray, *Collaborating*. (San Francisco, CA: Jossey-Bass, 1989); Rosabeth Moss Kanter, 'Collaborative Advantage: The Art of Alliances. *Harvard Business Review*, (1994, 62), pp. 96-108; James E. Austin, *The Collaboration Challenge: How Nonprofits and Businesses Succeed Through Strategic Alliances*, (San Francisco, CA: Jossey-Bass Publishers, 2000).

⁶ David D. Chrislip, *Collaborative Leadership Fieldbook: A Guide for Citizens and Civic Leaders*, (San Francisco, CA: Jossey-Bass Publishers, 2002); Barbara Blumenthal, *Investing in Capacity Building: A Guide to High-Impact Approaches*, (New York: The Foundation Center, 2003).

⁷ Eisenberg, Solving..., p. 44.

⁸ Eisenberg, Solving..., p. 44.

internship experiences.⁹ According to Eisenberg¹⁰, the problem is that academic centers specialized in nonprofit management and public policies are not producing individuals who are qualified to lead a nonprofit organization. Instead of focusing on leadership qualities, graduates are trained as budget and policy analysts, or as nonprofit managers who lack the vision needed to lead a nonprofit organization. Thus the curriculum at these institutions needs to be broadened to include areas such as public policy advocacy, vision and courage, social change, lobbying, coalition building, developing government-nonprofit relationships, and grant writing skills, and, most important of all, public service.¹¹

The most significant factor in renewing the sense of duty and servitude that is required for being a successful nonprofit leader is civic education. A nonprofit leader should feel the need or want to give back to the community. Many individuals lack the desire or drive to better their community through public service, which is why it is important for current nonprofit leaders to have a strong presence in the community to gather support and promote their cause.¹² Current leaders need to be able to inspire that sense of giving back to the community in order to instill civic duty principles in future leaders.

Many leaders lack the desire to actively recruit and guide the future leaders. Much of the responsibility for the leadership gap therefore lies in the unwillingness of nonprofit groups to deal with the problem. They fail to recruit young professionals who could be future leaders with some guidance. Many also have no plan for inevitable transitions in staffing that could streamline the process of replacement, overlooking qualified candidates sometimes within the organization and seeking outside candidates who lack the inside knowledge of organization. Foundation boards, composed of wealthy and professional elites, many times erroneously look for members of their circles, celebrity figures, and well-known scholars to fill their top executive positions. However, these individuals do not always make the best chief executives. Thus, they need to broaden their vision and regard the program officers and nonprofit officials as potential leaders. The future leaders of nonprofit organizations have a better chance of success if they come from within the organization. The new generation of young, bright prospects for nonprofit jobs wants

⁹ C.W. Letts, W.P. Ryan and A. Grossman, *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact*, (New York, NY: John Wiley, 1999); Light, *Sustaining...*, (2004).

¹⁰ Eisenberg, *Solving...*, p. 44.

¹¹ Eisenberg, *Solving...*, p. 44.

¹² R.A. Berger, 'Building Community Partnerships: Vision, Cooperation, Leadership', *National Civic Review*, (1983, 72), pp. 249-255; Patricia K. Felkins, *Community at Work: Creating and Celebrating Community in Organizational Life*, (Cresskill, NJ: Hampton Press, Inc., 2002); Naim Kapucu, Maria Elena Augustin, and Marla Krause, 'Capacity Building for Community-Based Small Nonprofit Minority Health Agencies in Central Florida', *The International Journal of Volunteer Administration*, (2007, XXIV (3)), pp. 10-17.

and expects more team leadership and will rebel against the old-fashioned top-down style of leadership¹³.

3. Leaders Are Not Born in Nonprofit Sector

In order for an organization to have the capacity to be effective it must exemplify certain fundamental elements.¹⁴ It is the responsibility of an effective leader to communicate these rudiments in a clear and concise manner to ensure that they are conveyed in every aspect of the organization. The key elements to a strong organizational framework include:

- Organizational Attitude – what it stands for and will be known for
- Conceptual Framework – what impacts will it have in society
- Vision and Strategy – what is its purpose and how is it going to accomplish it.

These are only the tip of the iceberg when it comes to strengthening an organization in order to improve its performance and impact so as to enable it to fulfill its mission.

Once a leader in a nonprofit organization has a clear understanding of what the organization's charge is and where it wants to go, they will be better suited to lead that organization in the right direction. However, leadership is not a naturally born instinct and must be learned through the utilization of techniques proven to be effective for other individuals in managing their respective organizations, while realizing that not every practice will be applicable to them or their organization. Understanding what an organization wants to accomplish is only a part of the task of being an effective leader; the rest must be learned through a strategic leadership development approach.¹⁵

4. Nonprofit Leadership Capacity Building

The increase in demands and changing role or characteristics of the leader today has resulted in a critical leadership crisis for many nonprofit organizations; the shift from authority focused leadership to collaborative and team oriented leadership had not been met with adequate leadership and training.¹⁶ Future leadership training programs need to be both quantitative and qualitative. Not only do positions need to be filled as vacancies and restructuring occur, but future leaders need to have the capacity to meet current challenges within the workplace as well as the ability to incorporate innovations of the field into their management practices. Therefore,

¹³ Eisenberg, Solving..., p. 44.

¹⁴ Carol J. DeVita and C. Fleming (Eds.). *Building Capacity in Nonprofit Organizations*, (Washington, DC: The Urban Institute, 2001).

¹⁵ Thomas Wolf, *Managing A Nonprofit Organization in the Twenty-first Century*, (New York, NY: Simon & Schuster, 1999).

¹⁶ David J. Kinsey, J. Russell Raker III and Lilya D. Wagner, (Eds.), *Capacity Building for Nonprofits*, (San Francisco, CA: Jossey-Bass, 2003).

collaborative management practices must be included in the focus of any development plan.

The American Society for Training and Development together with several professionals in the field of leadership conducted a study in 1998 to identify key factors in strong innovative leadership development processes. They surveyed 35 organizations that had well developed leadership programs, and then narrowed the study to six organizations with the most innovative or strongest leadership development processes. The following is a summary of the key findings of the best practices in leadership capacity building programs:

- Leadership development does not stand alone. It must be aligned to the overall strategy of the organization.
- Senior-level executives with extensive line experience must be involved in the design of the leadership development program.
- A model of leadership competencies is developed which is consistent throughout the organization and reflects the values of the organization.
- Best-practice organizations develop their own leaders rather than recruit them from other companies.
- Action, not knowledge is the goal of best practice leadership development.
- The leadership development process is symbiotic tool of effective leadership.
- Successful programs are continuously assessed on a regular basis through the process of reflecting on the results and making adaptations.¹⁷

When developing a leadership program two important questions must be answered: What is the goal of the training or development? And, who is to be trained or developed?¹⁸ There are three levels in collaborative leadership development to consider in nurturing sustainable leadership according to the panel of experts who developed the Turning Point Leadership Development Plan 2001. The first level is focused on individual and the leadership capacity developed from within. The second level is focused on individuals working within the organizational context. The third level is directed toward the community and its involvement in leadership development.¹⁹

Learning new processes or principles sometimes presents unique challenges to adults. Primarily these challenges are the result of the older generations of

¹⁷ P. Ouellette, K. Lazear and K. Chambers, 'Action Leadership: The Development of An Approach to Leadership Enhancement for Grassroots Community Leaders in Children's Mental Health', *Journal of Behavioral Health Services and Research*, (1999, 26), pp. 171-184.

¹⁸ Turning Point, *Collaborative Leadership and Health: A Review of the Literature*, 2001. http://www.turningpointprogram.org/Pages/pdfs/lead_dev/devlead_lit_review.pdf, 09.05.2007.

¹⁹ Turning Point, *Collaborative...*, p. 45.

professionals who have not been equipped with the knowledge and skills to apply most the new technologies available now, or the lack of desire to learn a 'new way' of doing things when the 'old way' seems to be meeting the needs of the organization. A renowned education theorist Malcolm Knowles, who is considered by many the father of adult education, provides several key principles for training or developing a learning process for adults.²⁰ The five foundational principles of his theory are considered essential for learning experience.

- Adult learning should be an active, not passive endeavor. Adults tend to remember only 10 percent of what they hear. By adding visual aids the retention rate increases to 50 percent and by adding discussion the retention rate increases to 70 percent. When demonstration and visual aids are utilized in conjunction with auditory instruction the retention rate often increases to 90 percent.²¹
- Adults are different from younger students in that they draw on life experience in their profession. Thus, in order for training and development of adults to be effective the individual must be able to relate not only to the training but also to the trainer providing the instruction.
- Since adults seek to apply what they learn immediately, learning is enhanced when it is purposeful and meets a need. Therefore, the principles being taught need to be assessed to determine a clear and purposeful link to the application of the skill.
- Higher achievement goals can be obtained when individuals are involved in the development of training and development programs. By personalizing the learning process and creating a self-directed environment, learning goals are more directed toward the goals of the individual, thus installing a greater drive to meet those goals.
- Learning is enhanced when it draws on the expertise of the learner and is applied immediately. Optimal learning occurs when the learner in turn teaches what he or she has learned.²²

Strategies, techniques, and methods for leadership development that incorporate these principles will encourage greater learning and satisfaction in meeting desired outcomes.

5. Leadership Capacity Building Approaches

There are several approaches to leadership development that can be implemented by any organization after they identify their specific training needs and who is going to receive that training. These approaches may be used individually or in conjunction with each other to best suit the needs of the organization. The

²⁰ Malcome S. Knowles, *The Adult Learner*, (Houston: Gulf Publishing Co., 1990).

²¹ S. Adams, 'Five Principles of Sound Training', *Professional Safety*, (2000, 45), pp. 40-41.

²² S. Adams, Five..., (2000).

development techniques that will be discussed are coaching, mentoring, distance learning, workshops, comprehensive training, experiential learning, simulations, and action.

Coaching is a learning strategy that has been defined simply as “the facilitation of learning”.²³ It produces focused results and is a cost-effective method of leadership development. Coaching can prove to be an especially useful in today’s fast paced society as executives seek ways in which to focus their effectiveness in a demanding work environment. Verlander²⁴. suggests three types of personal coaching situations:

- “Shadow Coaching” – the coach works alongside the leader, observing and assessing the leader’s skills and leadership needs;
- “Feedback-Based Coaching” - the coach provides assessment and feedback on the leader’s personal assessment and growth plan; and
- “Just-In-Time Personal Coaching” - the coach focuses on the relationships that the leader has with co-workers and examines what incidents could have caused those relationships to erode.

Mentoring is another technique that is widely used in leadership development. Mentoring is most useful in settings where an individual with lesser skills and experience can be paired with someone of more experience. Through several studies of mentoring programs it was identified that high rates of leadership skills were transferred if the following principles were applied:

- Individual Diagnosis, Evaluation, and Assessment (IDEA)
- Training Instruction Practical Tips (TIPS)
- Center for Organizational Problem Enlightenment (COPE)
- Friendship, Understanding, and Nurturing (FUN).²⁵

Another form for the development of leadership skills is through distance learning. Distance learning has proven to be beneficial when the expertise needed to assist developing leaders is either not in the vicinity or they are limited by time. Distance learning includes web-based instruction, video-teleconferencing, and computer conferencing. This method of leadership development can also be beneficial when training several individuals at one time, unlike the one-on-one methods of coaching and mentoring. However, a new form of coaching is being developed that provides a developing leader the opportunity for continuous learning, unhindered by conflicting time schedules, called virtual coaching. Virtual coaching is reportedly “a

²³ E. Verlander, ‘Executive coaching’, In J. Phillips & F. Ashby (Eds.), *Effective Leadership Programs*, (Alexandria: American Society for Training & Development, 1999), pp. 59-80.

²⁴ E. Verlander, *Executive...*, p. 65.

²⁵ Linda Stromei, ‘Training Tomorrow’s Leaders Using Yesterday’s Techniques’, In J. Phillips & F. Ashby (eds.), *Effective Leadership Programs*, (Alexandria: American Society for Training & Development, 1999), p. 120.

highly accessible, practical, and interactive one-on-one development process between coach and participant that provides continuity for learning, change, and growth at any time and from any place, via telephone, fax, or email".²⁶ Advances in technology have made leadership training and development accessible to almost any individual at any location, making it possible for some to finally pursue development goals.

One of the most widely used types of development approaches are workshops and meetings. As Malcolm Knowles²⁷ suggests in his adult learning principles, the best leadership training programs utilize many different forms or venues for learning. Workshops can combine several different venues for learning in the form of the culmination of lectures, discussion groups, role-playing activities, simulations, personal assessment and reflection, action learning projects, and coaching.

Experiential learning is a method of development that makes the learner an active participant in the process by involving them in the research of information pertinent to the problem which they are seeking to solve. The trainee is presented with learning methodologies that foster explorations, questioning, hypothesizing, planning, testing, and evaluating. This approach utilizes "participant centered exercises, hands-on experience, practice, and drills".²⁸ Cusins defines experiential learning as "a change in behavior which results from the disciplined reflection on an experience ... associated with the discovery that something new is possible".²⁹ Experiential learning is based on two phases. The first is the experience and the second is reflection of the experience.

It is disciplined in that learners follow a series of steps in a specific sequence. During this reflection the learner looks back critically at the experience and gains new insights which provide that basis for a change in future behavior.³⁰

Methods of experiential learning include simulations, interactive exercises, and storytelling to invoke information production and transfer which can promote open dialogue, team building, and collaboration among divisions or entities.

Many organizations utilize a principle known as action learning in leadership development because it is a culmination of several learning techniques. The process followed in action learning includes experiential learning, creative problem solving, acquisition of relevant knowledge and co-learner group support.³¹ It integrates one of

²⁶ C. Hakim, 'Virtual Coaching: Learning, Like Time, Stops for No One', *Journal for Quality & Participation*, (2000, 23), p. 42.

²⁷ Malcolm Knowles, *The adult...*, (1990).

²⁸ L. R. Kohls, 'Education, Training, Orientation and Briefing Compared', In L.R. Kohls (Ed.), *Training Know-how for Cross-cultural and Diversity Trainers*, (Duncanville, TX: Adult Learning Systems, 1995), p. 10.

²⁹ Peter Cusins, 'Action Learning Revisited'. *Industrial & Commercial Training*, (1995, 27), p. 4.

³⁰ Peter Cusins, *Action...*, p. 4.

³¹ Peter Cusins, *Action...*, p. 3.

the key learning principles mentioned earlier. Learning enhances when it is purposeful and meets a need. Sometimes action learning is classified as service learning, and takes the form of internships, assistantships, and volunteer programs. It allows the participants to acquire hands-on knowledge in a real world setting while providing them with the opportunity to contribute in the end result.

Conclusion

There are many approaches to leadership development. However, not every approach may be the best suited for every organization, which is why organizations must first evaluate what the goals of the training or development are and who is to be trained. Then the five strategies to enhance learning should be incorporated into the development approach, whether it be coaching, mentoring, distance learning, workshops, comprehensive training, experiential learning, simulations, or action. The critical crisis that many nonprofit organizations are facing with respect to leadership development is the result of a lack of training development programs. There should be a development plan in place in every organization to mitigate the extreme effects that can be produced from the inevitable succession from a leader. Through developing a plan of action organizations will not only ensure that the next leader is prepared for the position, but also ensure the continuing success of the organization.