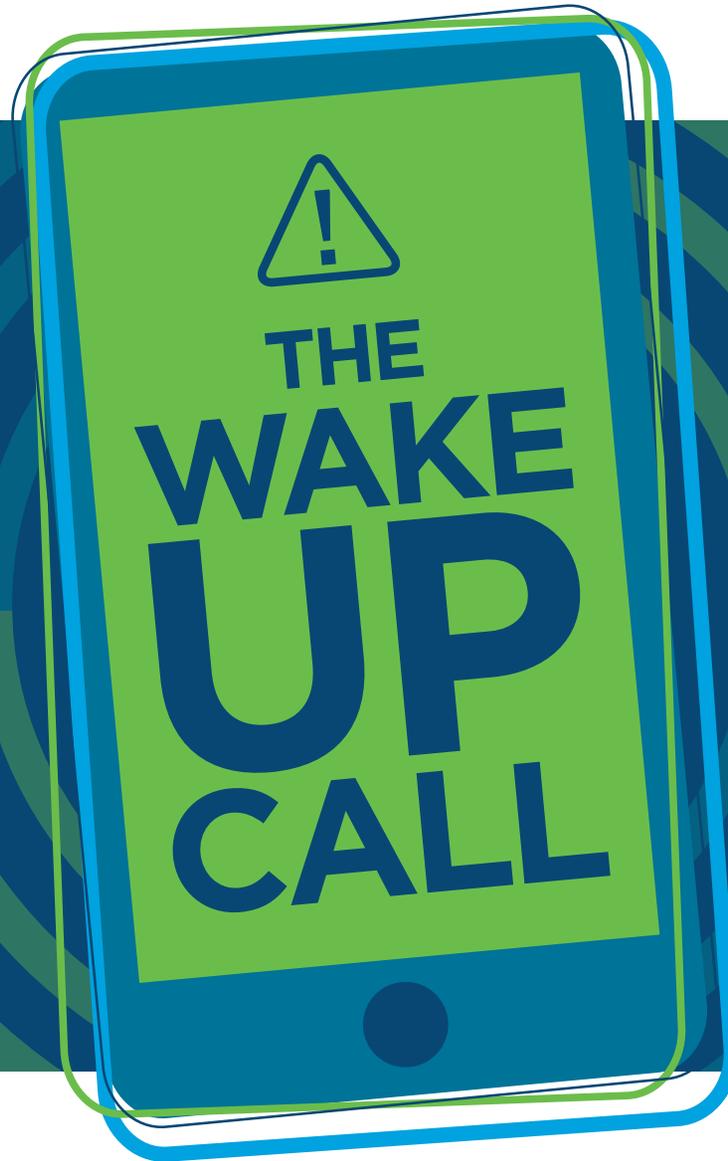


**SUSTAINABLE
PHILANTHROPY
WITH
PLYMOUTH
UNIVERSITY**



A Study of Nonprofit Leadership in the US and Its Impending Crisis

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& Harriet Day

2018





CONTENTS

List of Tables.....	3
Foreword.....	4
Abstract.....	5
Introduction.....	8
Methodology.....	10
Profile of Respondents.....	11
Leadership Styles.....	13
1.Servant Leadership.....	14
2.Transformational Leadership.....	16
3.Transaction Leadership.....	19
4.Charismatic Leadership.....	21
Perceptions of the Environment.....	22
Strategic Planning.....	23
Succession Planning.....	25
Leadership Development.....	27
Fundraising Climate.....	32
Impact of Selected Leadership Style.....	34
Conclusions.....	37
References.....	40



CHARTS & TABLES

Chart 1: Highest Educational Attainment of Respondents.....	10
Chart 2: Ethnicity of Respondents.....	11
Chart 3: Respondents by Sector	11
Chart 4: Current Leadership Role.....	12
Table 5: Servant Leadership Scores.....	15
Table 6: Transformational Leadership Scores.....	18
Table 7: Transactional Leadership Scores	20
Table 8: Charismatic Leadership Scores.....	21
Table 9: Characterization of Internal/external Environment	22
Table 10: Characteristics of the Planning Process.....	24
Table 11: Characteristics of the Succession Planning Process.....	26
Table 12: Confidence in Leadership Attributes	28
Table 13: Mechanisms for Leadership Performance Assessment.....	29
Table 14: Leadership Development Opportunities.....	29
Table 15: Satisfaction with Development Activities.....	30
Table 16: Categories of Unmet Development Needs	31
Table 17: Perceptions of Fundraising Climate.....	32
Table 18: Philanthropic Culture	33
Table 19: Change in Organizational Budget.....	36

FOREWORD

The nonprofit sector is in turmoil. Multiple outside forces are causing nonprofits to do business differently. Some forces, like expectations of increased transparency and expectations of more personal connection with supporters, are good. Others, like legislation that threatens the existence of nonprofits and media that assumes nonprofits are not trustworthy, are bad. These alone would make leading a nonprofit challenging enough. But there's more.

According to the Pew Research Center, an estimated 10,000 Baby Boomers are reaching retirement age every day. While “reaching retirement age” does not necessarily mean “retiring,” the nonprofit sector is in a tremendous leadership transition.

Despite the leadership transitions that are currently happening and will continue for years to come, nonprofits are facing a huge vacuum in finding leadership talent. Yet in our day-to-day work helping nonprofit leaders, we are not seeing thought given to succession planning. While the leadership transition is as inevitable as it is vast, nonprofits seem to be sticking their heads in the sand, taking an ostrich-like approach of avoiding the problem. Worse, while there are superhuman demands on nonprofit leaders, nonprofits do not seem to be taking care of the leaders they have, not intentionally growing leaders from within their organization.

As a result, the Concord Leadership Group partnered with Bloomerang, Boardable, and DonorSearch to commission the Hartsook Centre for Sustainable Philanthropy at the University of Plymouth, UK, to conduct this leadership study. We wanted to see if our experiences were

mere anecdotes, or if the data really did paint such a bleak a picture. As you will read in the following pages, the data shows the problem is even worse than we thought.

It is our hope that nonprofit leaders and their boards will study these findings. That this research will not be just a report that is read once, but that these findings will help nonprofit leaders and boards have leadership conversations that are not currently happening. At the very least, we hope the findings will help leaders identify their own leadership tendencies and give them ideas on how their style may be impacting their organization.

We are grateful for the work of Adrian Sargeant and the Hartsook Centre for the expertise they brought to this study. And we are grateful for the support of Jay Love and his team at Bloomerang, Jeb Banner and his team at Boardable, and Bill Tedesco and his team at DonorSearch. Together, these teams have brought findings that we believe could transform a large swathe of nonprofits.

I firmly believe that nonprofits are needed, now more than ever. May this report help light the next steps on your nonprofit's journey of transformation and growth.

Marc A. Pitman, CEO
The Concord Leadership Group LLC
Greenville, SC USA

ABSTRACT

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Many commentators now estimate that the nonprofit sector will need almost 80,000 new senior level managers/leaders annually.

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Leadership in the nonprofit sector faces an era of unprecedented challenges. The past decade has seen a continued growth in the number of nonprofit organizations with the number of public charities, for example, experiencing a 19.5% growth in the period from 2003 to 2013 (McKeever, 2015). The environment has also become more complex with leaders increasingly having to focus on difficult issues such as outcome measurement and accountability/transparency, and to deal with pressure from watchdog groups to control nonprogram expenditures, most notably on administrative overhead and executive pay.

Demand for leaders who can deal effectively with these and other emerging issues will increase. Many commentators now estimate that the nonprofit sector will need almost 80,000 new senior level managers/leaders annually (Bridgespan Group, 2012; Center for Creative Leadership, 2012) and of those already in post, Cornelius et al (2011),

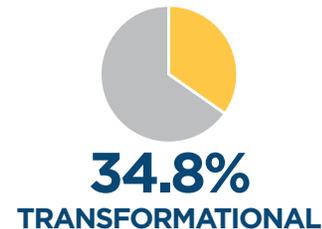
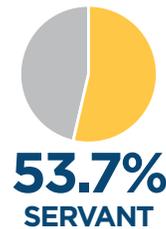
tell us that 67 percent of them are planning to leave their position in the next five years. Many leaders feel under-valued or under-invested in and as a consequence leave to seek better opportunities elsewhere (Lord et al, 2017).

So against this backdrop, what do we presently know about the individuals who hold leadership positions in our sector? What styles of management do these individuals exhibit, how do they behave as leaders and how are they supported by the organizations they have elected to serve? This study will provide many of the answers.

Our specific objectives were to identify:

1. The leadership styles and behaviors currently adopted by leaders in the nonprofit sector.
2. The extent to which these leaders engage in aspects of strategic planning and the quality of these processes.
3. The extent to which leaders are planning for succession and where they are, the specific activities that are undertaken.
4. The personal / professional development activities that are currently offered to nonprofit leaders and the extent to which leaders believe these are meeting their needs.
5. The impact of approaches to leadership on key organizational metrics and behaviors.
6. The extent to which leaders are actively involved in fundraising, what they see as their role in that domain and what impact different approaches to leadership have on the creation of a truly philanthropic culture.

To address these issues a survey was constructed in Qualtrics and a link to the survey distributed through social media and other digital channels. Responses were gathered in a three-month period from September 2017 through November 2017 and a total of 1141 usable responses were ultimately received.



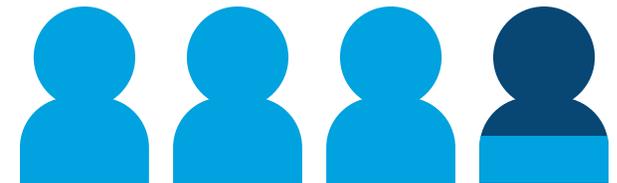
The popularity of servant leadership is noteworthy. There has recently been an enhanced interest in the notion of servant leadership and its fit with the characteristics and ethos of the nonprofit sector (Keith, 2015). Indeed, there is an emerging body of evidence that the adoption of this perspective is associated with positive outcomes including team morale, motivation and retention. In the business context, it has also been associated with numerous measures of growth. In our study, we find that servant leadership may help drive a culture of philanthropy in a nonprofit organization, thereby facilitating fundraising and income generation.

Regrettably, we find little evidence that nonprofits are presently “stewarding” their leaders. While some development opportunities are available, there seems an unfortunate emphasis on conferences and seminars. We certainly recognize the opportunities for networking and mutual support afforded by events of this nature, but more rigorous forms of development are those most commonly associated with enhancements to performance. We were surprised at how few organizations currently made leadership training, or mentoring/coaching available to their leaders and the qualitative comments offered in our survey speak to the genuine hunger there is for this input. It is important to recognize though that simply making such opportunities available is not enough. Concomitant with the requisite financial resources must come a genuine commitment to helping the leader make the most of the opportunity. Many of the leaders in our sample were frustrated by their inability to take advantage of what was already available because of the pressure of work.

“
Planning seems not to be a priority in many nonprofits.
”

We were disappointed too by our findings in respect of strategic planning. It was certainly encouraging to note that 90% of our sample engaged in strategic planning, but the quality of those processes can certainly be called into question. Planning seems not to be a priority in many nonprofits. Staff are not routinely involved in the process and/or rewarded for their input. The incidence of thorough environmental appraisals also seems worryingly low as is the use of benchmarking data that might provide a guide to organizational performance and the quality thereof. Perhaps most troubling of all is that only 47.4% of our leaders were actually assessed against their plan in their annual appraisal and review.

Our findings in respect of succession planning are equally disappointing. Only 22.3% of our leaders indicated that a formal succession plan exists for their own or other senior leadership positions. Few appeared to have given the matter serious consideration or to have approached succession in a rigorous manner assessing the skills and attributes that might ultimately be desired. Given the enhanced demand for nonprofit leaders that we noted this is certainly a facet of governance that (on the basis of our data) boards should be paying greater attention to.



**More than 3 out of 4
respondeees say no
formal succession
plan exists.**

The final area that we examined in our survey was the domain of leadership performance monitoring. We were again struck by the low incidence of each of the mechanisms we examined. Only a third of the leaders we surveyed were routinely assessed against a series of KPIs, monthly dashboards or the sentiment expressed in satisfaction surveys. Taken together with the findings we allude to above, our results suggests that many boards are not as engaged with leadership issues as they should be. Investment in leadership is low, oversight of leadership is weak, and succession planning for key leadership roles in many organizations is notable only by its absence.

INTRODUCTION

“
Many managers are voicing
their fears that the talent
they have is not the talent
they need.”

Leadership in the nonprofit sector faces an era of unprecedented challenges. The past decade has seen a continued growth in the number of nonprofit organizations with the number of public charities, for example, experiencing a 19.5% growth in the period from 2003 to 2013 (McKeever, 2015). The environment has also become more complex with an increasing emphasis on issues such as performance measurement and accountability/transparency (Mensing, 2017; Renz, 2016). This has been accompanied by a rise in nonmarket pressures from so called “watchdog” groups to “control” issues such as overhead and executive pay (Sargeant and Shang, 2017).

A recent survey by McKinsey (Callanan et al, 2014) has also highlighted a problem of chronic underinvestment in leadership development in the US social sector, creating what the authors see as “a gap between demands on leaders and their ability to meet those needs.” They also highlighted a concern that the nonprofit sector’s distinctive priorities may be at risk “if the organizations lack leadership teams with

the capabilities to fulfil emerging missions effectively and to adapt to fast-changing demands.” Across every category of capability examined by the authors (including balancing innovation with implementation, building top executive teams, and collaborating to achieve outcomes), leaders reported themselves and their peers to be deficient.

They are not alone. According to the Center for Creative Leadership (2009, p. 1), “crucial leadership skills in today’s organizations are insufficient for meeting current and future needs and many managers are voicing their fears that the talent they have is not the talent they need.” Indeed, with the growing shortage of nonprofit managers and leaders, “many professionals in human service organizations (HSOs) find themselves thrust into managerial and leadership positions without the knowledge and skills necessary to be effective” (Hopkins et al 2014).

For sure some of the requisite talent does already exist but competition for that talent is intense leading to high levels of executive turnover,

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6. The extent to which leaders are actively involved in fundraising, what they see as their role in that domain and what impact different approaches to leadership have on the creation of a truly philanthropic culture.

particularly in smaller nonprofits that often lack the resources to compete for the better players (Stewart, 2016). Many commentators now estimate that the nonprofit sector will need almost 80,000 new senior level managers/leaders annually (Bridgespan Group, 2012; Center for Creative Leadership, 2012) and of those already in post Cornelius et al (2011) tell us that 67 percent of them are planning to leave their position in the next five years. It appears that many leaders feel under-valued or under-invested in, and as a consequence, leave to seek better opportunities elsewhere (Lord et al, 2017).

So against this backdrop, what do we presently know about the individuals who hold leadership positions in our sector. What styles of management do these individuals exhibit, how do they behave as leaders and how are they supported by the organizations they have elected to serve?

Given the positive return on leadership investment that has been evidenced in the for-profit sector (Bruce et al 2010) it would seem reasonable to conclude that a more systematic focus on, and investment in, leadership development in the nonprofit sector is warranted. Evidence suggests that this could pay off both in terms of more effective delivery of social interventions and the attraction of the additional resources to make that more effective delivery a reality (Callanan et al, 2014). This report will explore the experiences of nonprofit leaders, the professional development opportunities available to them, and the consequent level of confidence they have in their own leadership abilities.



67% of leaders are planning to leave their position within five years.

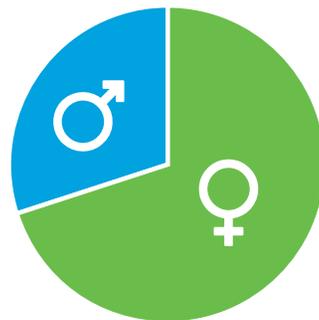
METHODOLOGY

To address these issues a review of the relevant academic literature was undertaken to identify suitable measurement scales for the constructs to be included in our study. A digital survey was then constructed using Qualtrics and a link to the survey was distributed through social media and other Hartsook Center channels. We also gratefully acknowledge the contribution of the sponsors of this research for their assistance in disseminating the survey link through their own networks of nonprofit professionals. Responses were gathered in a three-month period from September 2017 through November 2017 and a total of 1141 usable responses were ultimately received.

Profile of Respondents

The mean* age of respondents was found to be 51.8 years, the median* age, 52 years. Around 30% of the sample identified as male, 70% as female.

* Mean = average
Median = the middle number
in the sequence



Mean age: 51.8
30% Male,
70% Female

Respondents were also well educated with the overwhelming majority holding a Bachelor degree or Masters/Phd. The results of our analysis in this respect are provided in Chart 1.

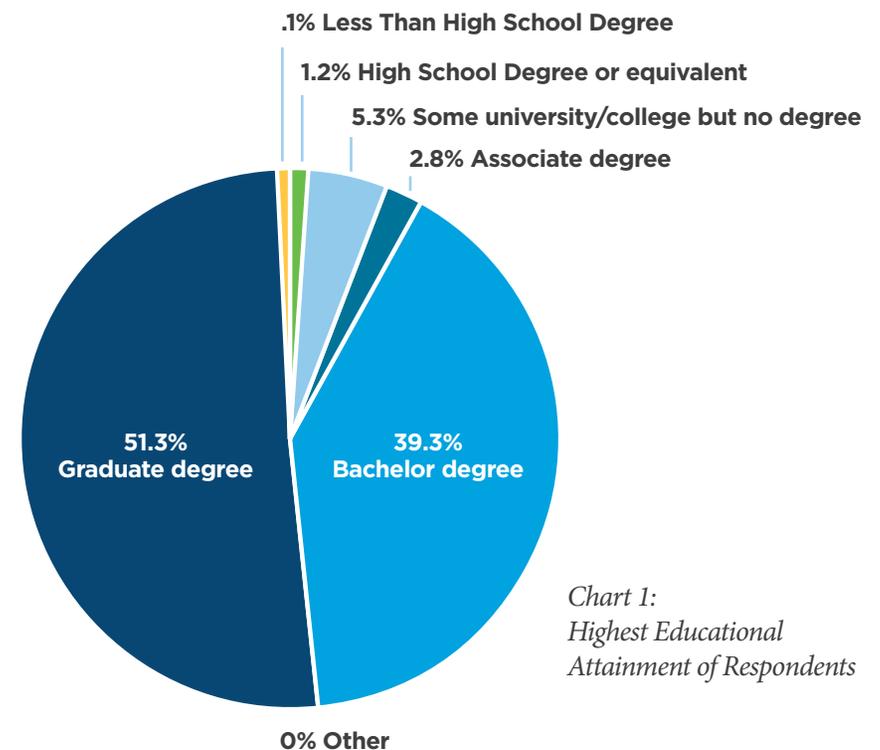


Chart 1:
Highest Educational
Attainment of Respondents

Profile of respondents:

In respect of ethnicity, most respondents identified as white. The ethnic profile of respondents is provided in Chart 2.

Respondents were found to be working at a wide spectrum of different categories of nonprofit with education and human service organizations comprising a little over half our sample. Chart 3 contains the detail of our analysis.

As our sample was one of convenience we cannot claim that it is in any sense representative, but it is interesting to note that these figures are broadly similar to those for the nonprofit sector as a whole where the percentage of 501(c)3 organizations accounted for by human service and educational organizations is also around 52%.

We also note that the organizations represented in our sample were generally quite small, employing a median of only 20 FTEs (Full-Time Equivalents). The median income was only \$600,000 with a little under one third of that total being supplied by donations, contributions and grants in their organization's most recent financial year.

There were though a significant number of larger organizations represented in our sample, stretching the means for these dimensions. The mean number of FTE's was found to be 144, the mean total income \$4.8million and the mean amount supplied by donations, contributions and grants was \$2.4million. The 'skew' here reflects the nature of the nonprofit sector in North America where it is well established that the overwhelming percentage of nonprofits are small.

Almost two-thirds of reporting public charities in 2014 (66.4 percent), for example, reported revenues of less than \$500,000 (McKeever 2015). Our sample is therefore broadly reflective of the sector.

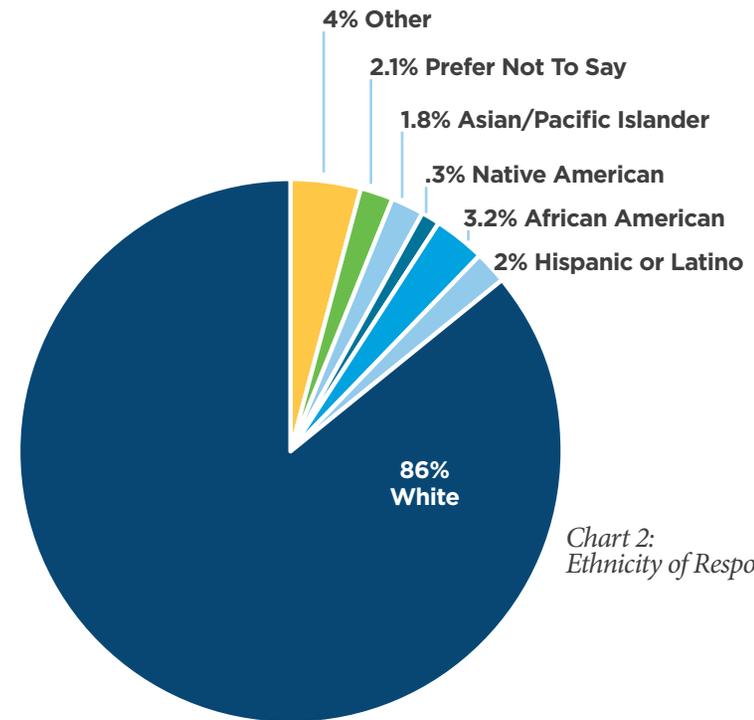


Chart 2:
Ethnicity of Respondents

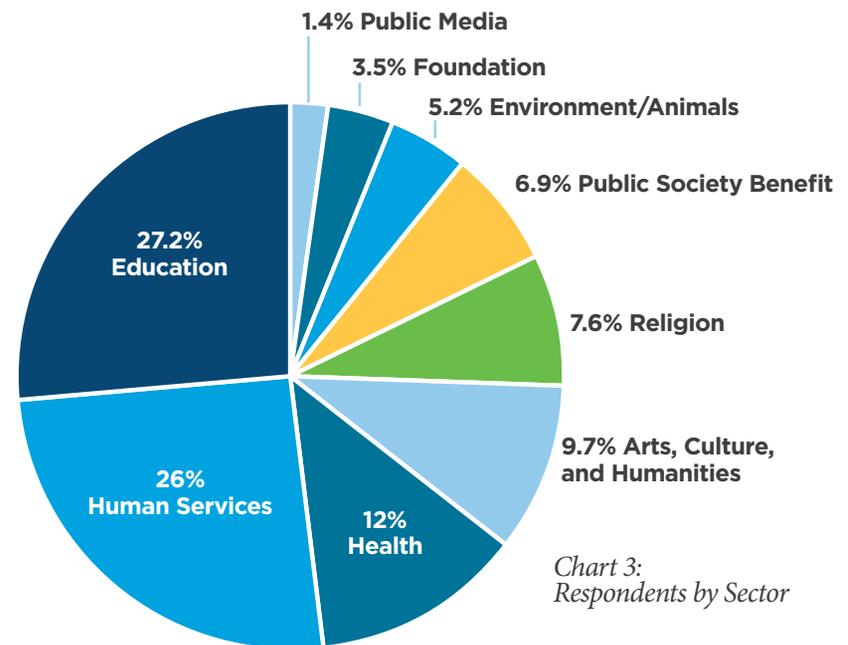


Chart 3:
Respondents by Sector

Average respondent:



17.7
YEARS ON
NONPROFIT
SECTOR

7.2

YEARS AT
CURRENT
ORGANIZATION



6

YEARS IN
LEADERSHIP
ROLE

Finally, respondents were asked to indicate the nature of their role with their current employer. As Chart 4 clearly shows, almost 90% of respondents were in middle management or senior roles. Respondents were found to have been working for an average (mean) of 17.7 years in the nonprofit sector. The median was found to be 16 years. Respondents had been working at their current organization for a mean of 7.2 years (median of 5 years) and in a leadership role in that organization for a mean of 6.0 years (median of 4 years).

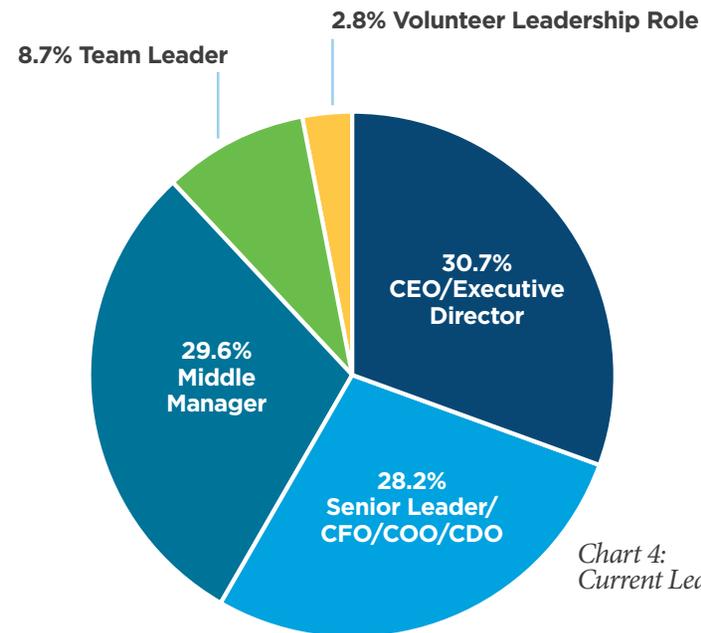


Chart 4:
Current Leadership Role



LEADERSHIP STYLES

Our survey then posed a series of questions of respondents that related to their approach to leadership and the attitudes and behaviors associated with their selected style. We focus on four modern perspectives on leadership, namely servant leadership, transformational leadership, transactional leadership and charismatic leadership.

We examine each form of leadership in detail:

1. Servant Leadership



A leadership style focused on achieving superior organizational performance by focusing on the needs of their followers.

Greenleaf (1977), considered to be the founder of the modern servant leadership movement, sees servant leaders as individuals who achieve superior organizational performance by focusing on the needs of their followers. The servant leader carries a strong sense of accountability for those affected by their thoughts, words, and actions (Frick and Spears, 1996) and can be highly motivational to work for as a consequence. Rather than leading for personal gain or power, they exercise their authority only as a means to help others achieve their fullest potential. This potential may be in terms of task effectiveness, but it can also be in terms of the development of the individual, e.g. developing skills and attributes associated with future leadership potential (Greenleaf, 1977).

A central aspect of servant leadership is thus the need to serve others (Dierendonck, 2011), but servant leaders also have a need for impact. They desire to be seen as strong and influential but in a way that helps and cares for others, whether they are team members, or other stakeholders such as beneficiaries (McClelland and Burnham, 1976). In their review, Liden et al (2008), argue that the following nine qualities are the most commonly present in servant leaders:

1. Emotional healing—the act of showing sensitivity to others’ personal concerns and an ability to mend hurt feelings if they occur.
2. Creating value for the community—a conscious, genuine concern for helping the community.
3. Conceptual skills—possessing sufficient knowledge of the organization and its tasks, to be in a position to effectively support and assist others, especially immediate followers.
4. Empowering others—encouraging and facilitating others in identifying and solving problems.
5. Helping subordinates grow and succeed—demonstrating genuine concern for others’ career growth and development by providing support and mentoring.
6. Putting subordinates first—using actions and words to make it clear to others that satisfying their needs is a priority.
7. Behaving ethically—interacting openly, fairly, and honestly with others.
8. Building relationships—making genuine efforts to know, understand, and support others in the organization, with an emphasis on building long-term relationships.
9. Servanthood—a desire to be characterized by others as someone who serves others first, even when self-sacrifice might be required.

When servant leadership is adopted as a perspective, academic research has generally indicated that followers become more committed to the organization, perform at higher levels, and are more active in serving the community in which their organization is located (see for example Greenleaf and Spiers, 2002). Since servant leadership has been linked with higher commitment, staff turnover is also reduced (Ebener and O’Connell, 2010).

To measure servant leadership, respondents were asked to reflect on their own leadership style and indicate the extent to which they regularly engaged in a series of specific behaviors associated with servant leadership (Barbuto & Wheeler, 2006). Respondents were asked to adopt a 7-point scale for their responses ranging from 1 (not at all) to 7 (to a very great extent).

The results of our analysis are provided in Table 5 and indicate a high incidence of behaviors associated with servant leadership. Of all the forms of leadership we examined, servant leadership appears to be the most widely adopted perspective. Respondents expressed a very high level of agreement with the notion that their organization should function as a community and that their role was to prepare it to make a positive difference in the future. It is interesting to note that the only lower scores in this table were attained for the items measuring “feelings” and the leader’s ability to mend hurt feelings when those occurred.

In total 53.7% of our sample claimed to exhibit these behaviours to a great or very great extent.

Table 5: Servant Leadership Scores

Item	Mean	Median
I believe that our organization needs to play a moral role in society	6.19	6.00
I believe that our organization needs to function as a community	6.51	7.00
I encourage others to have a community spirit in the workplace	6.29	6.00
I am actively preparing the organization to make a positive difference in the future	6.36	7.00
I routinely put the interests of others ahead of my own	5.95	6.00
I do all I can to serve the needs of my team	6.11	6.00
I am good at anticipating the ethical consequences of decisions	5.88	6.00
If there are disagreements in the workplace I am good at mending hurt feelings	5.27	5.00
I care a great deal about how members of my team might be feeling	6.05	6.00

2. Transformational Leadership



A leadership style focused on effecting revolutionary change in organizations through a commitment to the organization's vision.

Sullivan and Decker (2001) define transformational leadership as “a leadership style focused on effecting revolutionary change in organizations through a commitment to the organization's vision.” Transformational leadership is therefore capable of redefining individual perceptions of the organizational mission/vision, unifying this view and then stimulating high levels of motivation directed toward its fulfilment. The transformational leader optimizes their ability to influence by articulating a clear vision for the future (in a manner that is appealing to others), acting confidently and optimistically, sharing risks with their followers, emphasizing important values and ensuring that these are embodied in their words and actions. Transformational leaders also have a high level of concern for ethical and moral conduct and are seen by their followers as intensely moral individuals (Burns, 2003).

Bass (1985) tells us that there are four primary components of transformational leadership, namely; idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. These four styles are commonly referred to as the ‘Four I’s’ of transformational leadership.

Idealized influence encompasses behaviors that instil pride in followers for being associated with the leader—often driven by charisma. It indicates that a leader will go beyond their individual

self-interest for the greater good of the group and make personal sacrifices for others' benefit. A transformational leader with a high level of idealized attributes displays a sense of power and confidence, and is able to reassure others that they can overcome obstacles. They tend to talk about their most important values/beliefs and the importance of trusting one another.

Inspirational motivation refers to the ability to talk optimistically about the future and articulate a compelling vision for that future. They talk about what needs to be accomplished, but they express it in a way that exudes enthusiasm and confidence that the goals can be achieved. The articulation is genuinely inspirational for the team.

Intellectual stimulation refers to the ability of transformational leaders to seek different perspectives when solving problems and to encourage members of their team to do likewise. They actively encourage non-traditional thinking and reward innovative new approaches as they emerge. To drive this innovation, they often re-examine critical assumptions to question if they are still valid and appropriate.

Individualized consideration describes the ability of a transformational leader to demonstrate a high degree of concern for the wellbeing of their team. They spend time getting to know the needs and aspirations of each individual reporting to them, and focus attention on what might be done to help them achieve their longer-term goals. Thus transformational leaders retain their team in part by deliberately preparing them for their next position. The notion of ‘individualized consideration’ therefore has much in common with the perspective of servant leadership we alluded to above.

Transformational leadership has been linked in many studies with enhanced performance *(see for example, Grant, 2012).*
A study by Thomas (2016) identifies five major reasons why this might be the case:

1. Followers are happier in their jobs and experience higher levels of wellbeing and positive mood, and are therefore more committed to the organization (Bono and Ilies, 2006).
2. Followers are genuinely inspired by their leaders who provide them with greater meaning in the completion of work-related tasks. They understand what to do, but crucially they understand why they must complete these tasks and thus the relationship with attainment of the vision. As a consequence, both individual and team productivity is enhanced (Searle and Barbuto, 2013).
3. Followers want to perform better because of a sense of being able to identify personally with the leader. As transformational leaders are regarded as symbolic of the organization (Eisenberger et al, 2002), followers can also experience enhanced identification with the nonprofit (Boehm et al, 2014). As that level of identification builds followers come to define their own sense of success or failure in terms of the success or failure of the organization.
4. Followers value the “relationship” with the transformational leader because of the efforts he/she puts into their development. There is therefore less need for an emphasis on immediate rewards for task performance. Transformational leaders create a more generalised social exchange that causes higher levels of motivation and commitment (Liden et al, 1997).
5. Transformational leaders also build a momentum behind an inspiring vision. Followers come to see others who are also drawn to that vision as members of their ‘in-group’. The more compelling the vision, the greater the pride they take in in-group membership and the greater the time and effort they will devote to serving the interests of that group (Restubog et al, 2008).

To measure transformational leadership, respondents were again asked to reflect on the extent to which they regularly engaged in a range of specific behaviors associated with this style of leadership. An adaptation of the scale developed by Bass and Avolio (1977) was employed, although to avoid duplication with earlier items we only measured those facets of leadership unique to this approach. Respondents were again asked to adopt a 7-point scale for their responses ranging from 1 (not at all) to 7 (to a very great extent). The results in Table 6 indicate that our respondents believe they exhibit most of the behaviours listed to a significant extent. All the mean scores are of the order of 5-6. Only three items achieve scores of less than 5.5, namely their ability to display a sense of power and confidence, their ability to re-examine assumptions and their willingness to discuss with their team key values and beliefs.

In total 34.8% of our sample claimed to exhibit these behaviours to a great or very great extent.

Table 6: Transformational Leadership Scores

Item	Mean	Median
Instil pride in others of being a part of your team	6.05	6.00
Act always in a manner that builds respect	5.92	6.00
Routinely display a sense of power and confidence	5.11	5.00
Regularly discuss with the team the most important values and beliefs	5.39	6.00
Specify the importance of having a string sense of purpose	5.55	6.00
Routinely consider moral and ethical consequences of decisions	6.12	6.00
Emphasize the importance of having a collective sense of mission	6.00	6.00
Talk optimistically with the team about the future	6.06	6.00
Talk enthusiastically about what needs to be accomplished	5.96	6.00
Articulate a compelling vision for the future	5.65	6.00
Express confidence that the team can achieve its goals	6.09	6.00
Re-examine critical assumptions to question whether they are appropriate	5.43	6.00
Seek different perspectives when solving problems	5.81	6.00
Get team members to look at problems from many different angles	5.63	6.00

3. Transactional Leadership



Transactional leadership has been defined as “an exchange process based on the fulfilment of contractual obligations and is typically represented as setting objectives and monitoring and controlling outcomes” (Aga, 2016). Transactional leadership is said to build on the concept of contingent reinforcement, in which followers are motivated by their leaders’ promises, rewards and praises (Ibid). Transactional leadership is often regarded as the poor relation of transformational leadership as it is assumed that the less considerate and inspiring forms of behaviour associated with transactional leadership do not foster the same levels of satisfaction and commitment (Afshari and Gibson, 2016). However, research has indicated that in some cases transactional leader behaviour is more strongly associated with desirable employee outcomes than transformational leadership (Podsakoff et al, 2006), while other research asserts that there are only minimal differences between the outcomes of the two leadership methods (Edwards and Gill, 2012).

Transactional leaders motivate subordinates to realize expected performance levels by providing them with goals, helping them to develop their own self-confidence, and by emphasising the task-related exchange between themselves and their followers (hence the term “transactional”). Under this leadership style, there are a number of leader-follower bargains and exchanges that provide followers with the motivation to pursue their duties (Tyssen et al, 2014) and if followers receive sufficient tangible rewards for fulfilling their obligations, they are likely to be motivated to perform again in the future (Meyer and Herscovitch, 2001). Other authors, such as Pillai et al (1999) have found that transactional leadership can enhance feelings of distributive justice and through that deepen employee trust in and commitment to, the organization. Bass and Avolio (1993) argue that in aggregate these benefits can lead to enhanced organizational competitiveness.

A leadership style focused on an exchange process based on the fulfilment of contractual obligations and is typically represented as setting objectives and monitoring and controlling outcomes.

This form of leadership has been viewed as consisting of two key factors (Aga, 2016):

1. Leadership that focuses on clarifying role and task requirements and which provides followers with material or psychological rewards in exchange for the fulfilment of contractual obligations (contingent reward);
2. Leadership that is vigilant, practices active management, and whose goal is to monitor whether standards are met, prompting corrective action should problems occur (Judge and Piccolo, 2004).

The results of our analysis of transactional leadership characteristics are reported in Table 7. In general, the items relating to contingent reward achieve higher scores than those associated with responsiveness to performance related problems. Very few of our respondents appear to be managing by exception.

This style of leadership was markedly less popular. Only 5.1% of our sample claimed to exhibit these behaviours to a great or very great extent.

Table 7: Transactional Leadership Scores

Item	Mean	Median
Provide assistance in exchange for effort	5.51	6.00
Provide rewards for performance meeting designated standards	4.62	5.00
Express appreciation for a well accomplished task	6.41	7.00
Spend a lot of time extinguishing fires	3.97	4.00
Spend a lot of your time keeping track of mistakes	2.76	2.00
Focus attention where there is a failure to meet standards	4.06	4.00

4. Charismatic Leadership



A leadership style focused on the process of encouraging certain behaviors in others through force of personality, persuasion, and eloquent communication.

Charismatic leadership is the process of encouraging certain behaviors in others through force of personality, persuasion and eloquent communication. It shares with transformational leadership a focus on building up enthusiasm in others for a stated vision or goal. But Conger (1999) asserts that what distinguishes charismatic leaders from others is the manner in which they articulate that vision to both their followers and to the organization's hierarchy. Their presentation demonstrates their own convictions, self-confidence, and dedication to materialize what they advocate while showing a similar high degree of confidence in the abilities of their team. The self confidence exuded by these leaders can also enable them (or their teams) to take a higher degree of risk than their peers.

Just as with the other leadership methods that have been discussed, charismatic leadership is widely associated with enhanced organizational performance. Smith (1982), for example, found that the followers of charismatic leaders have more self-assurance and thus experience greater meaning in their work. They also derive satisfaction from being associated with the charismatic leader and are motivated to achieve to please that individual (Garner and Avolio, 1998).

But there can be difficulties with this approach. As charismatic leadership is so heavily focused on projecting a collective vision for followers that is tied to their own personality or value characteristics, some charismatic leaders can become authoritarian and narcissistic (Conger, 1989). They have a high need for power and there is therefore a risk that the vision and mission they articulate might become self-serving. These leaders can also be more prone to exaggerate their own abilities and self-descriptions (Gardner and Avolio, 1998) which can lead teams and/or individual team members to the taking of inappropriate risks and over-confidence in decision-making.

In measuring charismatic leadership we adapt items from the scale developed by Conger and Kunungo (1994). The mean scores here indicate that each of the listed behaviors is commonly exhibited with only risk taking achieving a mean lower than 5.5.

Only 29.4% of the sample claimed to exhibit these behaviors to a great or very great extent.

Table 8: Charismatic Leadership Scores

Item	Mean	Median
Communicate high performance expectations to your team	5.64	6.00
Exhibit confidence in your team members' ability to reach their goals	6.05	6.00
Take calculated risks that oppose the status quo	5.28	5.00
Articulate to your team a value based overarching vision and collective identity	5.68	6.00

PERCEPTIONS OF THE ENVIRONMENT

Respondents were then asked to characterize the external environment in which their nonprofit is operating and the degree of change in their internal environment. Responses could range from 1 (very static – a very low degree of change) to 7 (very turbulent – a very high level of change). The detail of this analysis is reported in Table 9 and indicates that most nonprofit leaders in our sample are experiencing a moderately high degree of change in their external environment. The typical internal environment appears more static.

The questionnaire then addressed the issue of strategic planning and the extent to which respondents engaged in a range of planning behaviors. Many commentators feel that the quality of strategic planning currently engaged in by nonprofits is hampering their ability to progress their missions and ensure the long-term sustainability of

“
Many feel that the quality of strategic planning currently engaged in by nonprofits is hampering their ability to progress their missions and ensure the long-term sustainability of their operations.”

Strategic Planning

their operations (Nonprofit Business Advisor, 2016; Bryson, 2010). Strategic planning can provide an important framework within which to consider the key challenges facing an organization and offers a suite of tools for the development of appropriate responses. These tools do appear to be effective. A recent survey by Reid et al (2014), for example, identified that those rating themselves as more successful in strategic planning delivered a more distinctive impact on their communities and greater sustainability/stability of funding. Organizations who rated themselves as being less successful in strategic planning, characterized their planning as reactive and occurring only at times of crisis in the face of unexpected risks or challenges (Reid et al, 2014). The survey also found that larger organizations in their sample were more likely to conduct a thorough appraisal of their external environment than smaller organizations which tended to focus on internal assessments.

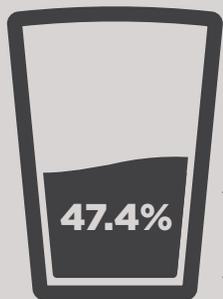
Our respondents were asked to indicate whether they engaged in strategic planning. 90% of respondents indicated that they did. Of those who did engage in this process 92% documented a plan in writing. 89% (of those who engaged in strategic planning) indicated that their plan was reviewed and approved by the board. While that number is high, the fact that around 10% of boards appear not to have sign-off on their organization's strategic plan is troubling.

Respondents were then asked a series of questions about the strategic planning process itself and how it was conducted. As previously 7-point scales were employed ranging from 1 = not at all to 7 = to a very great extent. These questions were adapted from the work of Phillips and Moutinho (2000), who delineated the characteristics of effective strategic planning processes.

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Strategic planning, or many aspects of it, appears to be absent or underdeveloped in many organizations.
”

Strategic Planning

The results of our analysis are reported in Table 10. What is immediately striking is how low all the scores in this list are. Strategic planning, or many aspects of it, appears to be absent or underdeveloped in many organizations. Only 55.8% of respondents agreed that staff at all levels were engaged in the planning process and only 24.6% of respondents were rewarding staff for their contribution. More tellingly, fewer than half our sample (47.4%) indicated that performance against the plan was a factor in their appraisal. The low mean score for environmental appraisal is also noteworthy, particularly given the degree of environmental change reported earlier.



47.4% } FEWER THAN HALF

INDICATED THAT PERFORMANCE AGAINST THE PLAN WAS A FACTOR IN THEIR APPRAISAL

Table 10: Characteristics of the Planning Process

Item	% Indicating Each Score							Mean
	1	2	3	4	5	6	7	
Staff at all levels were involved in the planning process	8.8	10.2	10.8	14.5	17.3	15.6	22.9	4.59
Staff from a range of different functions were involved in the planning process	4.7	6.5	5.5	10.9	19.1	22.7	30.7	5.24
Staff were rewarded for their contribution to the planning process	21.6	17.3	13.7	22.8	12.4	8.1	4.1	3.28
We conducted a thorough environmental appraisal	13.0	12.7	14.1	19.7	15.9	14.0	10.6	3.97
We conducted a thorough internal appraisal of our strengths and weaknesses	5.1	8.4	10.6	14.5	20.5	19.6	21.3	4.81
We utilized benchmarking data in our analysis	10.0	10.6	12.0	17.5	18.5	17.0	14.3	4.32
Responsibilities for the implementation of the plan were clearly assigned	4.6	6.5	9.8	16.9	20.1	21.3	20.7	5.88
Fundraising strategy was a significant component of that plan	7.0	7.3	7.4	9.6	15.4	23.1	30.1	5.09
Our plan is regularly consulted and amended if needed	5.7	8.8	9.6	14.8	18.6	22.1	20.4	4.80
Performance against the plan is a key factor in my annual performance review	17.6	12.7	9.8	12.5	13.4	17.3	16.7	4.10

“

The role of the board is widely seen as critical in successful succession planning.

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An executive transition is inevitable if an organization is to survive, and the high-stakes nature of the position makes it the most important turnover an organization will face (Grusky, 1960). Thus, an executive exit from an organization, whether it is planned or unplanned, is something that all nonprofits should make arrangements for. With shortages of experienced nonprofit executives being predicted as well as a growing number of nonprofits, the need for executive succession planning becomes increasingly essential (McKee and Froelich, 2016).

An executive exit could be brought about by a number of factors; retirement, termination, promotion, internal transition, death, disability, unexpected resignation, investigation, or indictment (Gothard and Austin, 2013). Whatever the reason, organizations can find themselves ill-prepared to appoint a suitable replacement and/or to manage the feelings and concerns of those that remain (Gilmore, 1988). Emotions such as fear, stress, and discomfort have been reported in the literature (Austin and Gilmore, 1993), all of which have the capacity to impact negatively on performance (Messersmith et al, 2014). Axelrod (2002) therefore concludes that the success of a transition

will be determined by the collaboration between the executives and their board (Axelrod, 2002) and how sensitively they deal with the succession process.

Indeed the role of the board is widely seen as critical in successful succession planning. In their review of the extant research, Gothard and Austin's (2013) assessment was that even though it should be the responsibility of the board to undertake succession planning, it is frequently left to the executive director. Whilst it is true the executive directors, in both for-profit and nonprofits organizations, may be well placed to suggest talent and possible contenders, boards need to play an active role in managing (and preparing for) that process (Wolfred, 2008). Without that oversight there is a danger succession planning will not be given the priority it truly deserves.

We find some evidence of that in our sample. Only 22.3% of our respondents were found to have a formal succession process in place for their own or other leadership positions.



77.7%

**DO NOT HAVE A FORMAL
SUCCESSION PROCESS IN PLACE
FOR THEIR OWN OR OTHER
LEADERSHIP POSITIONS**

Succession Planning

Our survey also explored the characteristics of effective planning for leadership succession and the extent to which these were present in respondent's organizations. Table 11 contains the detail of this analysis. Fewer than half our sample (40.8%) had identified potential future leaders and only 17.3% of respondents had performed a gap analysis of leadership competencies to get a sense of the kind of individual(s) they might need to recruit. It is also telling that only 37.6% of respondents were actively working to address gaps in leadership competence.

Table 11: Characteristics of the Planning Process

Item	% Indicating Each Score							Mean
	1	2	3	4	5	6	7	
My organization has a clear plan for leadership succession	21.2	25.4	13.9	10.6	13.7	8.4	6.8	3.22
My organization has a clear sense of the leadership competencies it requires	7.4	12.3	12.0	8.8	25.4	25.3	9.0	4.44
My organization has identified potential future leaders	13.6	17.4	13.1	15.2	22.4	12.3	6.1	3.76
My organization has performed a gap analysis of leadership competencies/talent	26.7	26.3	14.9	14.7	7.9	6.4	3.0	2.82
My organization is building to address gaps in leadership competence/talent	17.7	16.9	12.4	15.5	19.0	12.3	6.3	3.63



LESS THAN HALF (40.8%)
HAD IDENTIFIED
POTENTIAL FUTURE
LEADERS



ONLY **17.3%**
PERFORMED A
GAP ANALYSIS
OF LEADERSHIP
COMPETENCIES



ONLY **37.3%**
ARE ACTIVELY WORKING TO
ADDRESS GAPS IN LEADERSHIP
COMPETENCE



LEADERSHIP DEVELOPMENT

*R*espondents were then asked how confident they felt in their own leadership ability and (separately) how confident they felt that their leadership abilities would enable their team/organization to achieve its goals. The 7-point scales here ranged from 1 = not at all to 7 = to a very great extent. The results of our analysis are reported in Table 12 and indicate while our respondents are generally content with their ability to lead, only around 20% of our leaders have a very great degree of confidence in their leadership abilities. It is worth noting too, that almost 10% of respondents have little confidence in their ability to lead. In aggregate the results suggest significant room for improvement.

Leadership Development



ONLY

21.4%

OF LEADERS
HAVE A VERY
GREAT DEGREE OF
CONFIDENCE IN
THEIR LEADERSHIP
ABILITIES

ALMOST

10%

HAVE LITTLE
CONFIDENCE IN
THEIR ABILITY TO
LEAD

Table 12: Confidence in Leadership Abilities

Item	% Indicating Each Score							Mean
	1	2	3	4	5	6	7	
How confident are you in your own leadership abilities	.2	1.0	1.0	7.7	27.7	40.8	21.4	5.70
How confident are you that your leadership abilities will enable your team or organizations to achieve its goals?	0.0	0.4	1.8	7.2	25.2	45.1	20.3	5.74

“

Very little formal appraisal of leadership appears to be taking place.

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Leadership Development

Data was then gathered on the mechanisms put in place to measure how well our respondents' leadership abilities were enabling their teams to achieve their goals. Our analysis is provided in Table 13 and indicates a relatively low take-up of all possible assessment mechanisms. Particularly noteworthy is the fact that almost a quarter of respondents appear to have no formal processes in place. In aggregate the picture painted by these numbers is disappointing. Very little formal appraisal of leadership appears to be taking place. Most responses in the 'other' category related to informal control mechanisms such as informal meetings, conversations and 'catch-ups'.

Respondents were then asked about the leadership development opportunities that were available to them. The results of our analysis are reported in Table 14. It is encouraging to note that three quarters of leaders are facilitated to attend sector conferences and events, but other, arguably more rigorous forms of support, are much less commonly available. Only a third of the sample had access to mentoring or coaching.

Table 13: Mechanisms for Leadership Performance Assessment

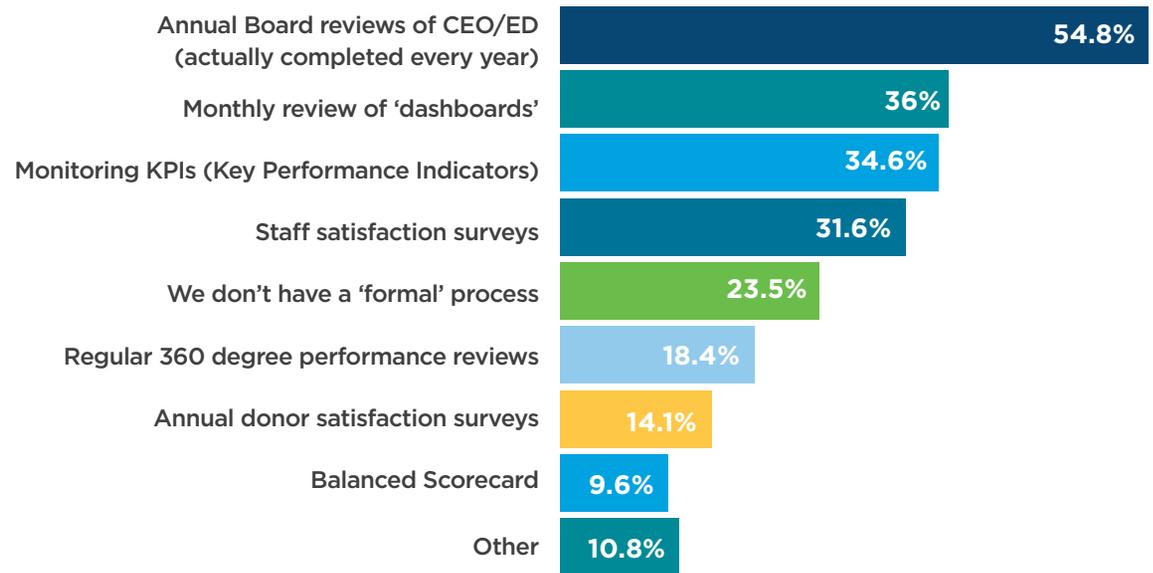


Table 14: Leadership Development Opportunities



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Leadership training, mentoring, and coaching were the key development needs that respondents felt were currently going unmet.

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Respondents were then asked whether the activities listed were meeting their needs. A 7-point scale was employed where 1 = not at all and 7 = to a very great extent. Our analysis is reported in Table 15. The mean score of 4.38 reflects a general level of ambivalence. Only around half of the sample felt their needs were being met (52.7%) and only 6.7% of respondents felt that their needs were being met to a very great extent.

Table 15: Satisfaction with Development Activities

Item	% Indicating Each Score							Mean
	1	2	3	4	5	6	7	
Extent to which development opportunities are meeting your needs	5.3	8.9	12.0	21.1	28.1	17.9	6.7	4.38

Leadership Development

Qualitative data was then gathered in respect of the key needs that respondents felt were not currently being met. In Table 16 we categorize the qualitative comments received and present each development need in rank order based on the number of mentions it received. Leadership training, mentoring and coaching were the key development needs that respondents felt were currently going unmet. We noted earlier that some 30% of our respondents already have access to such opportunities, so it is interesting that many of their peers perceive they are missing out.

Also high on the list was the development of fundraising skills and knowledge. Many respondents had ambitious plans for growth but recognized that to achieve that growth they needed to develop their knowledge of fundraising strategy and their role in specific forms of fundraising such as major gifts. It is encouraging that many leaders self-identified this as a development need.

We were struck too by how many respondents raised the issue of additional staffing. While many recognized this was not a development need per se, it was clear from the comments that the lack of administrative support made it difficult for many nonprofit leaders to “make the space” for the leadership development they feel they need.

Table 16: Categories of Unmet Development Needs

Development Need	Ranking
Leadership training	1
Leadership coaching/mentoring	2
Fundraising training/education	3
Additional staffing/support to free up time	4
Financial literacy and analytical skills	5
Succession planning for self and/or team	6
Time management	7
Board motivation and development	8
Influencing skills	9
Team management and development	10
Strategic planning knowledge and skills	11
Career planning advice - for own career	12
Development of Self - Confidence / Assertiveness	13
Conflict management	14
Communication skills	15
Digital competency - training in use of new technology	16
Work life balance	17
Diversity	18
Innovation	19
Motivation and retention of staff	20

FUNDRAISING CLIMATE

The questionnaire then moved on to address issues relating to funding. Respondents were first asked to rate the current external fundraising climate faced by nonprofits. Respondents were similarly asked to rate how they anticipated that fundraising climate would look in six months' time. A 7 point scale was again be employed ranging from 1 = very poor to 7 = excellent. The results of this analysis is reported in Table 17 and indicate a marginally more optimistic perception of the future fundraising environment. It is interesting to note though that only 46.9% of respondents express an optimistic view of the current environment and only 50.8% of the future.

Table 17: Perceptions of Fundraising Climate

Item	% Indicating Each Score							Mean
	1	2	3	4	5	6	7	
Current Fundraising Climate	3.0	6.2	14.8	29.0	31.0	11.7	4.2	4.31
Future Fundraising Climate	1.8	5.3	13.9	28.4	32.8	14.1	3.9	4.43

Fundraising Climate

Respondents were then asked a series of questions relating to the extent to which a culture of philanthropy was in place within their nonprofit. We define that as an internal environment oriented to the cultivation, acceptance and stewardship of philanthropy. Given the significance of philanthropy for nonprofits (providing the second most significant source of income behind fees for services provided), philanthropy is clearly an important focus for leadership in many organizations. Seven point scales were employed ranging from 1 = strongly disagree to 7 = strongly agree and our items are drawn from the work of Sargeant and Eisenstein (2016). The result of the analysis of this data is provided in Table 18.

What is immediately striking from this table is that leaders hold much more favourable views of their own contribution to philanthropy (highlighted in green) than they do of their organization as a whole (highlighted in yellow). In aggregate, our respondents felt that they have a good understanding of fundraising and make a very positive contribution to the process. It seems equally clear though that many organizations have a considerable journey to undertake to develop a truly philanthropic culture. Many boards seem unwilling or unable to play an active role and fundraising seems largely regarded as a narrow functional specialism rather than everyone’s responsibility. It is particularly disappointing that there is widespread ignorance of the importance of donor loyalty and the role that every member of staff might play in its development.

Table 18: Philanthropic Culture

Item	Mean	Median
I feel I have a clear idea about how the process of fundraising works	6.21	7.00
I empower our fundraising team to be responsive to donor needs	5.96	6.00
I play an active role in the fundraising process	6.34	7.00
I am willing to spend time, energy and resources to make the case for investment in fundraising for personal development	6.38	7.00
I am personally passionate about the cause we exist to serve	6.64	7.00
I see my role as supporting the fundraising function	6.24	7.00
I feel we have a strong and compelling case for support	6.05	6.00
All members of our board could clearly articulate our case for support	4.26	4.00
All our members of staff in our organization could clearly articulate our case for support	4.65	5.00
The interests and aspirations of our donors is a topic regularly discussed by our senior management team and board	4.28	5.00
Organization planning regularly includes consideration of the creation of appropriate gift opportunities	4.21	5.00
Members of our Board are actively involved in fundraising	4.05	4.00
In our organization donor stewardship is seen as everyone’s responsibility	4.19	4.00
We deliver a high quality of service to all our supporters	5.18	5.00
In our organization we take a longer-term view on the performance of our fundraising	4.77	5.00
We are always seeking opportunities for meaningful donor involvement	4.96	5.00
In our organization everyone understands the concepts of donor loyalty, lifetime value and donor centrism	4.02	4.00

IMPACT OF SELECTED LEADERSHIP STYLE

Leadership Engagement - the willingness of leaders to play an active role in fundraising

Institutional Engagement - the willingness of the board and other groups within the organization to properly engage with philanthropy and facilitate the process of fundraising.

We then took the responses to the statements on philanthropic culture and subjected them to a factor analysis. Two factors emerged from that analysis that reflect the split we color coded above. One factor we term “leadership engagement” relates to the willingness of leaders to play an active role in fundraising, supporting the function and helping make the case for the investment of the requisite resources to make it a success. The second factor we label “institutional engagement” and relates to the willingness of the board and other groups or functions within the organization, to properly engage with philanthropy and facilitate the process of fundraising.

We were then able to explore the relationships between the leadership styles of our respondents and the degree to which an overall culture of philanthropy had been achieved. Interestingly, we found that servant leadership is a significant predictor of the degree of leadership engagement achieved (co-efficient = .09, significance level .02). It is

also a significant predictor of the degree of institutional engagement achieved (co-efficient = .07, significance level .05). Servant leaders appear attentive to the needs of their fundraising team and are consequently more willing to take an active role in supporting them in their work, making the case for investment, etc. They also seem more successful in encouraging others within the nonprofit to join them in offering that support. In organizations with servant leaders, boards are more likely to take an active role in fundraising and the whole organization is leveraged to achieve success.

We find that charismatic leaders are also more likely to score highly on “leadership engagement” (co-efficient = .10, significance .05), but a high score here is not associated with enhanced “institutional engagement”. Charismatic leaders appear less interested in (or successful at) marshalling other stakeholder groups to assist with philanthropy.

Impact of Selected Leadership Style

We also found one element of transformational leadership positively related to the attainment of a philanthropic culture. It appears that the degree of “inspirational motivation” exhibited predicts the degree of “leadership engagement” achieved (co-efficient = .13, significance level .01). It appears that leaders concerned with building collective enthusiasm for the achievement of goals are also willing to participate actively in their achievement – at least in the context of fundraising. It appears from our data though that the approach may currently be a little “blinkered” as opportunities to engage other stakeholders with philanthropy appear to be being missed, with the consequent and limiting impact on philanthropic revenue. Inspirational motivation does not predict institutional engagement.

We found one further relationship of note, namely a marginally significant relationship between the “intellectual stimulation” component of transformational leadership and the institutional engagement factor of philanthropic culture. Interestingly, the effect is negative (co-efficient -.06, significance level .07) which suggests that higher levels of intellectual stimulation may reduce the degree of philanthropic orientation achieved. We found this odd. On further investigation it appears that this effect is mediated by the leader’s confidence that their abilities will facilitate the organization to achieve its goals. Where leaders have a high level of confidence in their abilities, an enhanced degree of intellectual stimulation (i.e. encouraging non-traditional thinking and alternative perspectives) has a positive impact on philanthropic culture. Where that confidence is lacking, the effect is negative.

We also found significant relationships between other constructs in our survey and the institutional engagement dimension of philanthropic culture. Organizations that a) undertook higher quality strategic

planning, b) undertook higher quality succession planning and c) were more completely meeting the development needs of their leaders, were significantly more likely to have a strong culture of philanthropy. It appears as though more sophisticated approaches to leadership correlate with each other and there appears to be no effect of size in this analysis. Larger organizations are no more or less likely to adopt a more sophisticated approach than smaller ones. Nor could we find an effect related to the degree of environmental change and turbulence.

Finally, our survey gathered data on the size of each organizations budget and the extent to which this represented an increase or decrease over the previous year. The results of this analysis are reported in Table 19. It is encouraging to note that over 60% of respondents were experiencing growth.

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Organizations that:

- undertook higher quality strategic planning
- undertook higher quality succession planning
- were more completely meeting the development needs of their leaders

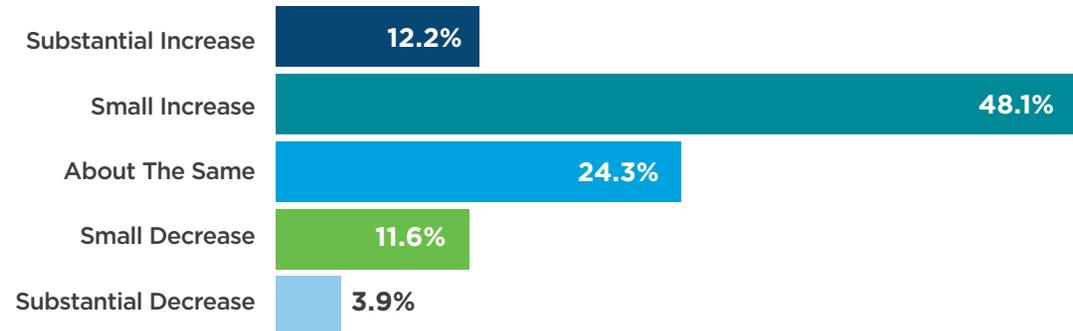
were significantly more likely to have a strong culture of philanthropy.

”

Impact of Selected Leadership Style

“
Higher scores for transactional leadership are correlated with a budget decrease over the previous year.
”

Table 19: Change in Organizational Budget



We could find no relationships between the size of the budget or the percentage of that budget accounted for by philanthropy and leadership style. The only effect we could identify related to the change in that budget. Higher scores for transactional leadership are correlated with a budget decrease over the previous year (co-efficient = .133, significance level .001). As we do not address causality in our study, this finding may be interpreted in two ways. Transactional leadership could be viewed as harming growth, or it may be that leaders experiencing a decline in resources tend to exhibit more transactional behaviors as a consequence.

Finally we explored the relationship between demographic variables and leadership styles. Those identifying as female in our sample achieved higher scores for both transformational ($F = 6.103$, significance level .014) and servant leadership ($F = 5.430$, significance level .020).

CONCLUSIONS

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Planning seems not to be a
priority in many nonprofits.
”

Ours is the first study (to our knowledge) to have measured the extent to which four modern perspectives on leadership are adopted in the nonprofit sector in North America. We focus on transactional leadership, transformational leadership, charismatic leadership and servant leadership. The dominant style appears to be servant leadership with 53.7% of respondents exhibiting the behaviours associated with this perspective to a great or very great extent. Transformational and charismatic leadership behaviors were also popular with 34.8% and 29.4% adopting them to a great or very great extent, respectively. Only 5.1% of our sample were routinely engaged in behaviors associated with transactional leadership.

The popularity of servant leadership is noteworthy. There has recently been an enhanced interest in the notion of servant leadership and its fit with the characteristics and ethos of the nonprofit sector (Keith, 2015). Indeed, there is an emerging body of evidence that the adoption of this perspective is associated with positive outcomes including team morale, motivation and retention. In the business context it has also

been associated with numerous measures of growth. In our study we find that servant leadership may help drive a culture of philanthropy in a nonprofit organization, thereby facilitating fundraising and income generation.

There are echoes of this finding in recent perspectives on servant leadership and in particular the notion that the term “stewardship” should replace leadership because it “unbuckles us from the language of control and compliance embedded in some definitions” (Carroll, 2005) and focuses attention (rightly) on the longer term. Servant leaders are increasingly seen as individuals who steward the talents and human resources of their organizations. And it seems logical that leaders drawn to the notion of stewardship in one context will understand its relevance and be willing to apply it to others. The development of organizational systems and exchanges that foster the stewardship of supporters is at the heart of what it means to have a truly philanthropic culture.

Conclusions

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Regrettably, we
find little evidence
that nonprofits are
presently ‘stewarding’
their leaders.
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Regrettably, we find little evidence that nonprofits are presently “stewarding” their leaders. While some development opportunities are available there seems an unfortunate emphasis on conferences and seminars. We certainly recognize the opportunities for networking and mutual support afforded by events of this nature, but more rigorous forms of development are those most commonly associated with enhancements to performance. We were surprised at how few organizations currently made leadership training, or mentoring/coaching available to their leaders and the qualitative comments offered in our survey speak to the genuine hunger there is for this input. It is important to recognize though that simply making such opportunities available is not enough. Concomitant with the requisite financial resources must come a genuine commitment to helping the leader make the most of the opportunity. Many of the leaders in our sample were frustrated by their inability to take advantage of what was already available because of the pressure of work.

We were disappointed too by our findings in respect of strategic planning. It was certainly encouraging to note that 90% of our sample engaged in strategic planning, but the quality of those processes can certainly be called into question. Planning seems not to be a priority in many nonprofits. Staff are not routinely involved in the process and/or rewarded for their input. The incidence of thorough environmental appraisals also seems worryingly low as is the use of benchmarking data that might provide a guide to organizational performance and the quality thereof. Perhaps most troubling of all is that only 47.4% of our leaders were actually assessed against their plan in their annual appraisal and review.

To be clear we are not advocating the development of plans for their own sake. As Eisenhower famously noted “plans are nothing; planning is everything.” It is thus not the resultant document that drives success, but rather the quality of analysis and thinking that is required for planning that makes the difference. Indeed, many leaders in our sample recognized this as a priority and cited gaining a greater understanding of strategic planning tools in their list of current development needs.

One further factor emerged from analysis of the characteristics of the planning process that we believe should be a concern. We found that around two thirds of our leaders (68.6%) were including fundraising strategy as a significant component of their plan. On the one hand that may be regarded as an impressive percentage, but on the other it means that for a further third of our sample, fundraising strategy is not a significant focus of their plan. It makes no sense to us to divorce the provision of nonprofit services for the community from the attraction of the requisite resources to fund them. We appreciate that many nonprofits can generate substantive fee or

Conclusions

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To compete successfully for talent, we need to begin thinking now about the needs of future leaders.
”

contract income, but this figure seems low to us and perhaps belies an opportunity.

Our findings in respect of succession planning are equally disappointing. Only 22.3% of our leaders indicated that a formal succession plan exists for their own or other senior leadership positions. Few appeared to have given the matter serious consideration or to have approached succession in a rigorous manner assessing the skills and attributes that might ultimately be desired. Given the enhanced demand for nonprofit leaders that we noted in our introduction this is certainly a facet of governance that (on the basis of our data) boards should be paying greater attention to.

The final area that we examined in our survey was the domain of leadership performance monitoring. We were struck by the low incidence of each of the mechanisms we examined. Only a third of the leaders we surveyed were routinely assessed against a series of KPIs, monthly dashboards or the sentiment expressed in satisfaction surveys. Taken together with the findings we allude to above, our results suggests that many boards are not as engaged with leadership issues as they should be. Investment in leadership is low, oversight of leadership is weak and succession planning for key leadership roles in many organizations is notable only by its absence.

In aggregate, our results suggest significant opportunities for improvement and the time for that improvement is now. In the coming years nonprofits will face increasing competition for leadership talent. Experienced leaders from the baby boom generation will be moving into retirement and the nonprofit sector will not have the same allure for mission driven professionals as it once did. New forms of organization blurring the business/social divide and the rise of social agendas in the business domain will inevitably deflect talent from entering (or staying in) the nonprofit space. To compete successfully for talent, we need to begin thinking now about the needs of these future leaders. Comparisons will be drawn with other opportunities and they will increasingly expect mentoring, professional development activities, time/space to grow as leaders and an organizational culture that takes an active interest in their wellbeing and performance.

We find little evidence that any of this exists at present, creating a serious deficit in leadership support that should concern us all.



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