Where the Shoe Hurts: Capacity Challenges among Arts and Culture Nonprofits

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Abstract

We examine the extent and configuration of management challenges for arts and culture organizations. To do so, we draw on arguments thought to be particularly important to arts and culture organizations: cost disease and tensions between artistic and commercial goals. We also consider resource dependency, organizational ecology and institutional perspectives. Our data come from a survey of almost 400 Indiana arts and culture organizations on a broad array of management challenges. Securing financial resources presents the most challenges among the ten areas examined. Using multivariate analysis, we find some support for all the theoretical perspectives, although the percent of variance explained is modest at best. We also find that the configuration of explanatory patterns varies among the challenges, although indicators of goal conflict (especially board vacancy) appear to be persistently related to more severe challenges controlling for other explanatory factors; this is where the shoe hurts.

Introduction

Nonprofits have long faced concerns about their effectiveness and especially their efficiency, because their access to donations and volunteers is thought to shield them, at least in part, from the discipline of market forces that supposedly keeps for-profit organizations focused on the bottom line. In recent years, greater demands for accountability, more vigorous competition from other organizations (including for-profit entities that have gained access to government funding streams previously directed primarily towards nonprofits), cuts in government funding, and growing demand for services, at least in some fields, has raised more pointed questions about the capacity of nonprofit organizations to carry out their missions, deliver effective programs, and manage efficient operations (Salamon, 2002; Gronbjerg & Salamon, 2012). Indeed, nonprofits are thought by some observers to be too small, too cash-strapped, too dependent on amateurs and volunteers, too blinded by their own passions, or too concerned with satisfying the interests of major donors to address community needs well, quickly, or

efficiently.[1]

But is that true? Surely, some nonprofits are less prone to failure than others. There is evidence that "strong" organizations are more innovative and effective in addressing community needs than their counterparts (Backer, 2000). However, what makes for "strong" organizations and which organizational dimensions increase the capacity of nonprofit organizations to deliver needed programs? Having adequate financial resources is clearly very important, but many other organizational features are likely to play a significant role as well, such as well functioning boards, competent and dedicated staff, strong networks with other organizations, and appropriate organizational components to manage staff, volunteers, information technology, finances, and programmatic data (Lee et al 2001; Geller et al 2010). How do those features of nonprofit capacity interact with one another and how do these dynamics play out in different nonprofit fields?

This proves a perplexing question for nonprofit scholars and managers alike. The practitioner-oriented literature is replete with capacity building assessments and potential ways to address these concerns (e.g., Fine, Kopf, and Thayer, 2001; Ginsler & Associates, 2005; Linnell, 2003; McKinsey & Company 2001; Connolly 2006, 2007; The RGK Center, 2006) and a quick Google search of "how to build capacity in a nonprofit organization" returns thousands more blog entries and website articles. Yet, despite this widespread interest, there is little agreement on defining nonprofit "capacity" – whether it is the aggregate configuration of challenges faced by nonprofit managers or something more than that, such as overall organizational effectiveness (McKinsey & Company, 2001). There is also no agreement on the specific components or dimensions involved.

In this paper, we seek to address some of these questions about the extent and configuration of non-profit capacity issues by using a survey of almost 400 arts and cultural providers. The survey, completed in early 2009, sought to document the extent to which a broad range of organizational activities presents challenges to the managers of these organizations. The survey also collected information on the type of assistance managers thought would be helpful in addressing the challenges, as well as on whether the organizations possessed a variety of organizational features or components and whether it engaged in particular activities, such as advocacy and collaboration. For practical reasons, we rely on self-reports by managers rather than on systematic organizational assessments by outside experts.[2] Having inside information from managers allows us to identify challenges most salient to nonprofit capacity building efforts – or at least the features nonprofit managers recognize as important.

We first present an overview of challenges that the literature suggests are particularly problematic for nonprofit organizations, with special attention to arts and culture organizations. We then consider theoretical frameworks that help explain the extent and nature of these challenges. Next we describe the survey data that serve as the empirical base for our analysis and how we have operationalized key

[1] Nonprofit scholars will recognize this argument as an extreme version of the "nonprofit failure" arguments outlined by Salamon (1987), who noted that nonprofits are limited by their financial insufficiency, amateurism, particularism, and paternalism.

[2] Some nonprofit leaders have expressed reservations about the validity and utility of external expert evaluations (see ARNOVA listserv conversations February 2011).

concepts. We also present basic descriptive statistics for the dependent, independent, and control variables before turning to the results of our multivariate analyses. We conclude with a discussion of our findings and their implications for theory and practice.

Organizational Capacity

There is no universally agreed upon definition of *nonprofit capacity* and it remains a vague term, used interchangeably with *technical assistance* and *organizational effectiveness* (McKinsey & Company, 2001). Indeed, most definitions are so broad and generic that they are less than useful in developing operational measures of the concept. Consider the following examples: “The ability of nonprofit organizations to fulfill their missions in an effective manner” (McPhee & Bare, 2001, p. 1), “Funding and services directed at strengthening nonprofits, thereby increasing their ability to achieve their missions" (Backer and Oshima 2003, p. 2), “A set of attributes that help or enable an organization to fulfill its missions” (Eisinger 2002, p. 115), and "An organization's ability to achieve its mission effectively and to sustain itself over the long term,” (Linnell 2003, p.1).

We agree with Light (2004) and others that such definitional challenges discourage empirical studies of capacity building. Still, there are some lines of continuity and several researchers have identified key dimensions in which organizations need capacity to effectively fulfill their missions (Light 2004). For now, we group these into seven broad categories: operations and governance, programs and planning, human resources, financial resources, information technology, marketing, and networking and advocacy. However, we recognize that the boundaries of these categories are not well-defined and that some indicators span several categories.

Operations and Governance focus on overall leadership and management of the organization. The components include governance of the board (Baker, 2000; Conservation Company; McKinsey & Company, 2001) and general management and leadership of the programs (Backer 2000; Glickman & Servon, 1998). It also includes board development (Glickman & Servon, 1998; McKinsey & Company, 2001) and strategic planning (Conservation Company; Glickman & Servon, 1998; McKinsey & Company, 2001). By some definitions, it also includes human resource management (Backer, 2000; Glickman & Servon, 1998; McKinsey & Company, 2001), although we consider this a separate dimension.

Programs and Planning, while related to operations and governance, is focused on delivering programs that meet the needs of the organization’s constituents. Planning takes place at the basic level of developing the mission and vision of the organization (DeVita, Flemming, & Twombly, 2000; McKinsey & Company, 2001) as well as specific aspects of programs offered by the organization (Backer, 2000; Walker & Weinheimer, 1998; McKinsey & Company, 2001). An organization is more effective at developing programs when it can accurately assess the needs of the community it serves (Conservation Company; Walker & Weinheimer, 1998) and evaluate its programs (Conservation Company; McKinsey & Company, 2001).

Resources can be financial, human, or physical (DeVita, Flemming, Twombly, 2000). For the purposes of this study, we separated *Financial Resource* development (Backer, 2000; Walker & Weinheimer, 1998;

Glickman & Servon, 1998; McKinsey & Company, 2001; Conservation Company) from the management of *Human Resources* (Backer, 2000; Glickman & Servon, 1998; McKinsey & Company, 2001). We also included managing "physical resources" as a component of Operations and Governance.

Access to *Information Technology (IT)* is also an important dimension of capacity as is the ability of staff or volunteers to use these technologies effectively to create organizational web pages, maintain organizational records, produce reports, and communicate with constituency groups and a variety of external audiences (Backer, 2000; Conservation Company; Glickman & Servon, 1998; McKinsey & Company, 2001; Geller et al 2011). In the face of increasing competition to the traditional arts from other media, Hellbrun (1993) argues that interactive websites and other outreach media might be the key to organizational survival for arts and culture organizations.

Kotler (1982) defines *Marketing* in the nonprofit sector as the "analysis, planning, implementation, and control of a charitable nonprofit's programs." This includes defining constituents, assessing their needs, and designing and readjusting programs to meet those needs (Hoffman, 2002). Finally, *Networking and Advocacy* includes political engagement through building relationships with officials as well as educating constituents about applicable concerns (Glickman & Servon, 1998). Networking is involvement with all entities in the community including government, foundations, the for-profit sector, and other nonprofit organizations (Walker & Weinheimer, 1998). Glickman & Servon (1998) categorize the relationships, interactions, and collaborations with these entities as "non-financial resources."

Theoretical Framework and Hypotheses

The missions and program activities of nonprofit organizations vary greatly, even within broad fields such as arts, culture and humanities, suggesting that management capacity attributes may differ as well (Wing, 2004). To examine the extent and configuration of management challenges for arts and culture organizations and determine which organizational features best explain particular types of challenges, we draw on two arguments of particular relevance to arts and cultural organizations: cost disease and tensions between artistic and commercial goals. We also consider more general organizational perspectives on management practices: resource dependency, organizational ecology, and institutional theory.

Cost Disease

"Cost disease" or the so called "Baumol Effect" refers to the fact that some organizations, most notably those providing professional services, are less able to increase labor productivity than other organizations that process material objects or people. As Baumol and Bowen (1965) pointed out, it takes as many musicians to perform a string quartet composition now as it did 200 years ago. But performing arts organizations must pay enough in today's labor market to attract talented musicians to careers in music and spend the necessary time and effort to become accomplished performers.

As a result, arts and culture along with many other organizations depending on people-changing technologies (Hasenfeld, 1983) face continuing increases in costs without concomitant productivity gains to cover these expenses (Baumol and Bowen, 1965; Baumol, 1996; Cowen, 1996). While technological innovations may reduce some costs, as when museums offer audio self-guided tours for a

small fee in lieu of docent guided activities or ballet companies use pre-recorded rather than live music, there are ultimate limits to how many visitors museums can attract to their exhibits or how big of an audience dance groups can pack in to see their shows. The use of such technology also runs the risk that visitors or audience members find the modified experiences to be of sufficiently lower quality that they withdraw their patronage.

When technology does not increase labor productivity to keep up with competitive wages, organizations find themselves less able to pay competitive wages and prospective employees may therefore forego the necessary training and/or take jobs elsewhere. Alternatively, organizations facing this problem can seek more volunteer assistance, produce less, lower the quality services, or generate additional funding through price increases or better fund development. However, the process is "diseased" in that most organizations that suffer from this problem are organizations highly reliant on skilled labor in which staff attrition can be disastrous. The cost disease argument was originally derived from Baumol and Bowen's assessment of arts and culture organizations and we speculate that it may therefore be particularly problematic for such organizations.

Because cost disease is thought to affect arts and cultural organizations particularly severely, we expect organizations that have arts and culture as their primary focus to be more susceptible to the cost disease than those where arts and culture is a more peripheral. We expect the former to have a wide variety of capacity challenges, but especially those related to financial resources. We also expect challenges to be more severe when organizations have run deficits (an indirect indicator of cost disease) over recent years.

HY1a: Organizations where arts and culture are the primary (or a major) purpose will report more severe challenges, especially in securing financial resources, than those where arts and culture programs are complementary to other primary activities.

HY1b: Organizations that have run deficits over the last two years are likely to report more severe management challenges, especially in securing financial resources or managing IT, than those that have broken even or had a surplus.

Goal Conflicts

A second major challenge for arts and culture organizations relates more specifically to what they do and to the niche nonprofits fill in the broader arts and culture field. As DiMaggio shows (2002), nonprofit organizations dominate "high culture" – symphony orchestras, opera companies, chamber music groups, modern dance companies, ballets, historic sites, art museums, resident theaters, and choral music. By contrast, commercial organizations account for most of the dinner theaters, dance schools, dance or stage bands, Broadway Theaters, touring theater companies, and circuses. These commercial enterprises cater to audience preferences; indeed, that is how and why they stay in business. In contrast, nonprofit entities are likely to give primacy to artistic values, which is why they need (and are able to attract) voluntary contributions.

According to this argument, the chief tension for arts and culture organizations is between adhering to

traditional high aesthetic values while also catering to the tastes of the general public which might not entirely share those values and objectives (Zolberg 1986). We therefore expect the tensions to be more acute for organizations which primarily focus on "high" arts and culture and hypothesize that they will face more governance and human resource challenges than those where arts and culture programs are more commercially viable. By the same token, less commercially oriented organizations (as indicated by decreased demand for arts and culture programs or lower reliance on sales revenues) are also likely to face tensions between artistic and commercial goals more explicitly and to encounter a variety of management challenges in turn, but especially challenges related to governance and human resources. We also suspect that these tensions are likely to surface at both the staff and board levels and at the board level are likely to reveal itself in the form of board vacancies. We therefore expect organizations with board vacancies to report more challenges of all types.

HY2a: Organizations that deliver "high culture" programming will report more severe challenges, especially those related to governance and human resources, than those where arts and culture programs are likely to be more commercially viable.

HY2b: Organizations that report less demands for their arts and culture programs will report more severe challenges (esp. in governance and human resources), than those that report increased demands.

HY2c: Organizations that rely less extensively on sales revenues are likely to report more severe management challenges, especially in governance and human resources, than those that rely more extensively on sales revenues.

HY2d: Organizations with board vacancies are likely to report more severe management challenges than their counterparts.

Resource Dependency

Arts and culture organizations are, of course, subject to normal organizations constraints. We therefore also draw on key organizational theories – resource dependency, organizational ecology and institutional constraints - that we expect will help explain management practices and challenges. This allows us to explore how applicable these theories and measures might be when looking a broad array of capacity challenges and whether they are more powerful explanations than those thought to be specific to arts and culture organizations.

Resource dependency theory argues that organizations position and structure themselves to secure key resources and to protect themselves from external jolts associated with major changes in particular resource streams (Pfeffer, 1981). While government funding tends to be very demanding in terms of management requirement for the organizations that receive such funding, once organizations learn the ropes, it tends to be fairly stable and predictable (Grønbjerg, 1993). We therefore expect those that depend heavily on public funding to have achieved at least a minimum level of organizational capacities and report fewer management challenges than their counterparts. A similar argument should hold for organizations that depend on diverse funding sources that require diverse management capacities.

In addition to financial resources, arts and culture organizations rely heavily on human resources; both volunteers and staff. Organizations which rely heavily on volunteers who may work limited hours, lack training, or turn over frequently might have more difficulties in overcoming a variety of capacity building than their counterparts that rely mainly on paid staff.

HY3a: Organizations that rely more extensively on government funding are likely to report less severe management challenges than their counterparts.

HY3b: Organizations that rely or a broader array of funding streams are likely to report less severe management challenges than those that rely on fewer funding sources.

HY3c: Organizations that rely more extensively on volunteers are likely to report more severe management challenges than their counterparts.

Organizational Ecology

A second major theoretical framework that is likely to be important is organizational ecology (Hannan and Freeman, 1984). This perspective argues that new types of organizations emerge in response to new opportunities in the environment because already existing organizations are captured by their existing technologies, routines, and resource dependencies. Following this argument, we expect very old organizations to become obsolete as they fail to adjust to newly emerging environments. Additionally "liability of aging" posits that internal strife and "office politics" can increase as an organization ages (Barron et al 1994; Baum 1996). Like goal conflict, such internal dysfunction can eat away at organizational capacity even in stable environments. We therefore expect that older organizations to encounter a variety of challenges, but especially those related to programs and planning.

However, newly established organizations face their own challenges. They are fragile precisely because they have not developed organizational routines or established their visibility and legitimacy in the broader organizational field. Nor have they had time to develop organizational networks or collaborations. Following this argument – the so-called liability of newness thesis (Stinchcombe, 1965; Schoonhoven, 2011) – we therefore expect younger organizations and those with fewer organizational routines or components in place to encounter more severe challenges across the board, but especially those related to financial resources, human resources, marketing, and networking and advocacy.

HY4a: Older organizations will face more severe challenges in managing programs and planning.

HY4b: Younger organizations are likely to report more severe management challenges related to financial resources, human resources, marketing, and networking and advocacy.

HY4c: Organizations with fewer organizational components in place are likely to report more severe management challenges related to financial resources, human resources, marketing, and networking and advocacy.

Institutional Constraints

Institutional theory argues that organizations are subject not only to their own particular resource

dependency relationships (resource dependency theory) or alignment with new opportunities in the environment (organizational ecology), but are deeply embedded in wider institutional environments (Powell, 2011; DiMaggio and Powell, 1983). These institutional environments regulate or mandate organizational activities (coercive forces), shape how managers understand problems and solutions (normative forces), and/or present models that organizations can imitate (mimetic forces) when they have no other guidelines. These forces are generally assumed to be stronger in fields that have a weak technological base, as is the case in the arts, culture and humanities field.

While both nonprofit and government arts and culture organizations are subject to institutional forces operating in the field, we expect nonprofit organizations to encounter more challenges than government institutions, since the latter have a priori greater legitimacy and are required to adhere to procedures established by the respective level of government.

> HY5: Nonprofit organizations will report more severe challenges of all types than government organizations.

Methods and Data

To address these questions, we draw on a major survey of 373 Indiana arts and culture organizations completed in early 2009 at the request of the Indiana Arts Commission (IAC). The survey was designed to identify major capacity building and technical assistance needs and effective ways to address the needs. The survey instrument was a modified version of a prior 2007 capacity building survey of Indiana charities conducted at the request of the Indiana Grantmakers Alliance with support from Lumina Foundation for Education.

Like its predecessor, the IAC survey sought provide a comprehensive assessment of the types of capacity building and technical assistance challenges responding organizations encounter. It also included a broad array of questions about the types and primacy of arts/culture related programs, changes in demands for programs or services, participation in collaborations or networking activities, involvement in advocacy activities, year of establishment, staff size, board size, board vacancies, reliance on volunteers, presence of organizational components, amounts and sources of revenues, and changes in revenues and expenses.[3]

The full sample included 1,792 nonprofit and public/governmental organizations that have sought funding (successfully or not) from the Indiana Arts Commission or any of its regional partners between 2003 and 2008. We employed a so-called "multi-mode administration" of the survey. In late July 2008, the IAC sent letters to all respondents with valid postal addresses to announce the survey and alert organizations to a forthcoming email message from our project team about how to complete the survey. We then sent invitations to the full sample, inviting respondents to complete the survey online, but used initial screening questions to eliminate individual artists and for-profit organizations as well as

[3] See www.indiana.edu/~nonprof/results/npcapacity/IndianaArtsCultureCapacitySurvey.pdf for a copy of the survey instrument.

organizations that do not provide any arts or cultural activities.

Non-respondents were reminded about the survey four times by email or phone call. To update invalid email addresses or phone numbers, we consulted available web search engines as well as other similar organizations located in the same region. Excluding organizations that could not be located and that were deemed ineligible for the survey (e.g., they were for-profit, individual artists, or did not provide any arts or culture programming), the final response rate was 27 percent. While not as high as we would have liked, such a response rate is not uncommon for surveys of nonprofit organizations (Hager et al., 2003).

Measuring Capacity Building Challenges

The survey measured capacity building challenges by asking respondents to indicate whether each of 48 types of organizational tasks presented major, minor or no challenges, or did not apply to the organization.[4] We recoded those responses to a three -point scale, with 3 indicating that a particular dimension presented a "major challenge," 2 indicating "a minor challenge," and 1 indicating "not a challenge" or "not applicable." To make it easier for respondents to complete the survey, we grouped the 48 indicators into seven broad categories as suggested by the review of the literature summarized above. Aggregations of responses to these questions represent the dependent variables for this analysis.

Related questions, not addressed here, asked responding organizations to indicate how helpful various types of funding, technical assistance, and/or peer learning would be in addressing these challenges. They were also asked to describe their three most significant needs in capacity building and in technical assistance and the best ways to address these challenges in order to identify the underlying dimensions and nuances of capacity building and technical assistance.

We explored several ways of aggregating responses to the 48 items into fewer dimensions more suitable for analysis. Initially we averaged the responses in each of the seven categories suggested by the literature to produce average scores. Reliability analyses generally confirm that the items group quite well (Alpha values ranged between 0.74 and 0.89). We also explored factor analyses within each of the seven groupings to discover whether there was more than one underlying dimension to each grouping. We found only one underlying factor for four of the challenge categories (programs and planning, marketing, networking and advocacy, and information technology) but two for each of the remaining three categories (operations and governance, human resources, and financial resources).

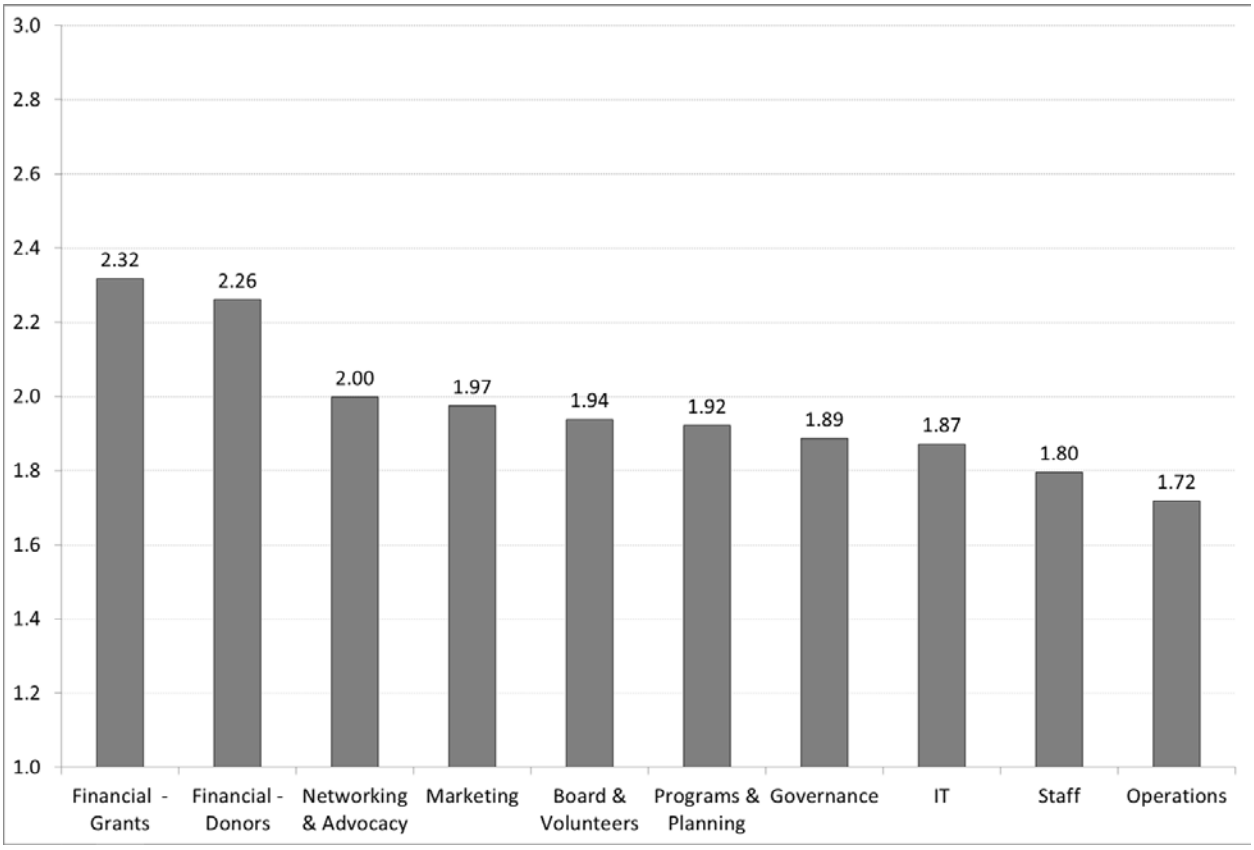
As Table A-1 in Appendix A shows, the nine items for the financial resource challenges form two distinct groupings, one set having to do mainly with grant writing (but also managing finances) and a second one having to do with more long-term resource challenges such as building an endowment, undertaking a capital campaign and expanding the donor base (but also holding successful special events). The seven items in the human resource challenge category also form two groupings, one having to do mainly with recruiting and training volunteers (both board members and other volunteers) and one having to do with recruiting and training paid staff and managing human resources in general. Finally, the seven

[4] A copy of the full survey instrument is available at http://www.indiana.edu/~nonprof/results/npcapacity/IndianaArtsCultureCapacitySurvey.pdf.

items in the operations and governance challenge category also divide into two clusters, one having to do with overall governance (five items) and one having to do more with operations (managing facilities and carrying out routine tasks). Based on these results, we created average challenge scores for items related to each of these ten challenge categories.

As Figure 1 shows, the average scores range from a high of 2.32 for challenges related to securing grants and other basic financial resources and 2.26 for more long-term donor resource development to 1.72 for challenges related to operations and 1.80 for managing staff. Intermediary challenges are those related to networking and advocacy (2.00), marketing (1.97), volunteer management (1.94), programs and planning (1.92), governance (1.89) and information technology (1.87). Clearly, lack of financial resources is where the shoe hurts. It not only limits the ability of arts and culture organizations to deliver needed programs, but also their ability to buy themselves out of other challenges (e.g., hire better trained staff, secure more sophisticated information technology, or invest in program evaluation).

Figure 1: Average Challenge Scores for Ten Areas of Management Work
Indiana Arts and Culture Organizations, 2009 (N=331-355)



As noted above, we identified a number of hypotheses that the literature suggests may explain why

some arts and culture organizations report more significant challenges than others. Appendix A also presents descriptive statistics for the independent variables we use to test these hypotheses. Here we provide some more detail about the variables associated with each theoretical perspective.

Measuring Indicators of Cost Disease

Our discussion of the "Cost Disease" perspective identified two variables that we hypothesize will be related to the severity and types of challenges arts and culture organizations encounter: a strong focus on arts and culture programming, and a recent history of deficits. For some survey respondents, arts and culture activities and programs define the organization's primary focus (e.g., theatre companies, community orchestras, art museums, etc.). For others, arts and culture comprise only a relatively small component of their overall mission (e.g., choirs and bands in public schools, theatre departments at universities, community centers offering art classes, etc.). We use a dummy variable to indicate those for whom arts and culture programs were the primary focus (52 percent of the respondents) as well as those that place a major focus on such arts and activities (25 percent).

To measure the pressures of cost disease more directly we use ordinal responses to questions about changes in total revenues and in total expenses over the past three fiscal years: increased by more than 25 percent, increased by 5-25 percent, stayed about the same, decreased by 5-25 percent, or decreased by more than 25 percent. We use a dummy variable to capture organizations where changes in revenues trailed expenses by at least one category level. Overall, a quarter of our respondents reported slower growth in revenues than in expenses or greater decreases in revenues than in expenses.

Measuring Indicators of Goal Conflict

Our discussion of the "goal conflict" perspective identified four variables that we hypothesize will be related to the severity and types of challenges arts and culture organizations encounter: "high culture" missions, decreasing demands for programs, low reliance on sales revenues, or board vacancies. Overall, 18 percent of the responding organizations had a primary mission associated with high culture: e.g., symphony orchestras, opera companies, chamber music groups, modern dance companies, ballets, historic sites, art museums, resident theaters, and choral music.

To measure changes in demand for services, we rely on a question that asked whether demands over the last three years for the organization's arts and culture services or programs had decreased significantly (by more than 25 percent), decreased moderately (by 10-25 percent), stayed more or less the same, increased moderately (by 10-25 percent), or increased significantly (by more than 25 percent). We use a dummy variable to capture the 10 percent of respondents who some decrease in demand and another one to capture the 57 percent that reported moderate or significant increases in demands (33 percent reported no change).

To measure reliance on sales or other earned revenues, we use a question that asked responding organizations to indicate the percent of total revenues for the most recently completed fiscal year that came from each of five major types of revenue sources. The five sources included the private sale of goods and services. Overall, 19 percent of respondents obtained 50 percent or more of total revenues from these sources and by extension, 82 percent obtained less than half of total revenues from these

sources.

We asked organizations that had their own board of directors to report the number of board vacancies. Overall, 36 percent had at least one vacancy on their boards (dummy variable). Because board vacancies may have greater impact for small boards than larger ones, we also include the total number of seats on the board. The average number of seats was 16.5 (with a median of 15) but ranged from 3 to 69.

Measuring Indicators of Resource Dependency

We use three measures of resource dependency. To measure dependence on government funding we rely on the same question about sources of revenues that we used to identify reliance on sales and other earned revenue. In this case, we focus on the percent of revenues from government sources. Overall 13 percent of the responding organizations obtained 50 percent or more of total revenues from government. To measure diversity of funding sources, we rely on a battery of questions that asked whether the responding organizations received funding from any of 20 different sources of donations, government funding or earnings.[5] We simply count the number of revenue sources checked, and also included use of dues/membership fees, special events, and endowments from another question block. On average, our responding organizations reported 5 types of revenue sources (the median is also 5), but ranging from zero (those with no revenues) to 13.

Finally, we measure reliance on volunteers from a question that asked responding organizations to indicate how important volunteers (other than board members) were to the organization on a five point scale, ranging from not at all important (the organization could carry out its mission or goals without using volunteers, a score of zero) to essential (the organization depends entirely on volunteers to carry out its mission and goals, a score of 4). Overall, 21 percent of the responding organizations said volunteers were essential, 33 percent they were "very important" (that the organization depends on volunteer for a wide range of tasks, but not all) and another 33 percent said they were "important" (that the organization depends on volunteers for several key tasks). The rest said that volunteers were not very important, carrying out only non-essential tasks (11 percent) or not important at all (2 percent). The average score on the zero to four scale was 2.3.

Measuring Indicators of Organizational Ecology

To measure indicators of organizational ecology, we rely in part on a question that asked when the organization was established. However, organizational age is highly skewed (ranging from 2 to 208 years with a mean of 45.5 and a median of 35 years). We tested linear, quadratic, and natural log transformations of age based on previous research, and found that the natural log transformation best fit best with the majority of the models. This transformation emphasizes age distinctions in younger

[5] Donations from individuals, trusts or bequests from individuals, donations from business or corporate foundations, grants from community foundations, grants from other foundations, grants/support from United Way, grants/support from religious federations, grants/supports from religious federated funders, grants/support from other federated funders, government grants, government contracts or fee for service payments, fees/charges/sales from private sources, fees/charges from private third parties, income/loss from joint ventures, income/loss from for-profit subsidiaries, income/loss from corporate sponsorships or marketing fees, income/loss from any unrelated business activity.

organizations. (The differences between 1 and 6 year old organizations would be more pronounced than the difference between 50 and 55 year old organizations.) The natural log also mostly corrects the skew, rendering a 9.4 mean, 10.7 median, 4.6 standard deviation, and a range of 0 to 17.2. We also include a more direct measure of organizational maturity and formalization by creating a variable that sums the number of organizational components the organization has in place. The components include nine related to information technology,[6] nine related to governance policies,[7] seven related to human resource policies,[8] and seven related to reporting and financial components.[9] The average number of components ranged from 1 to 31 with a mean of 17.8 and a median of 18. The count of organizational components is moderately related to the natural log of organizational age ($r=.35$, $p<.001$).[10]

Measuring Indicators of Institutional Constraints

Our measure of institutional constraints is a dummy variable indicating whether the responding organization is a nonprofit or not-for-profit organization, rather than a public or government one. Overall, 80 percent reported that they were nonprofit organizations.

Measuring Control Variables

We also include basic control variables to account for the likelihood that larger organizations are likely to have greater capacity simply by virtue of having more flexibility in allocating staff and funding to address challenges. We therefore include total annual revenues and the number of full-time equivalent (FTE) paid staff (computed as the number of full-time staff plus half the number of part-time staff). Both measures are highly skewed: mean revenues is $664,400, but the median is only $44,406 and total revenues range from no revenues to $28.2 million; the number of FTE ranges from none to 700 with a mean of 25.8 and a median of 3. Therefore, we use the natural log of both measures based on the assumption that the same nominal change in revenue or staff numbers would have a greater impact in smaller organizations than larger ones. The two variables are not correlated with one another (Pearson correlation = 0.05), most likely reflecting the fact that some arts and culture organizations operate large and expensive facilities, such as museums and performing arts venues, but may have relatively few paid

[6] Computers for key staff or volunteers, internal computer network, computerized financial records, computerize client/member/program records, routine backups of data, broadband internet access, organizational website, organizational email address, and anti-virus / anti-spyware / anti-spam programs.

[7] Written governance policies or by-laws, written conflict of interest policy, written "whistleblower" policy, written policies for organizational documents and records, written code of ethics, written strategic plan in the past two years, written fundraising plan in the past two years, written marketing assessment in the past two years, and written technology assessment developed or updated in the past two years.

[8] Written job descriptions, written personnel policies, staff/board orientation process, written board manual, formal volunteer recruitment program, formal volunteer training program, designated coordinator/supervisor for volunteers.

[9] Annual report with financial information produced within the last year, evaluation or assessment of program outcomes/impact within the past two years, audited financial statement in the past two years, annual budget and procedures for monitoring expenses, fund reserves dedicated to capital improvement, fund reserves dedicated to maintenance/equipment, and an endowment.

[10] Even with the moderate correlation, the general model applied to all challenges includes both measures because they measure different characteristics – maturity versus complexity/sophistication. Using one measure or the other fits well when measuring individual challenges, but not when looking at the challenge models as a whole. In short, we make a tradeoff between precision and theory, but still maintain best linear unbiased estimates.

staff members. Additionally, organizations with just a major or minor focus on arts programs might have additional sources of revenue. The natural log of the number of FTE employees has a moderately high relationship to the summary count of organizational components (Pearson correlation = 0.66, p<.001) and the natural log of total revenues is also moderately correlated with primary focus on arts and culture (r= 0.51, p<.001) and total count of income sources (r=.77, p<.001). Table A-4 in the appendix shows the zero-order correlations for all independent and control variables.

Findings

To test our hypotheses we use multivariate ordinary least squares regression to develop a series of models that explore the relationships between the variables previously listed and the ten capacity challenge scores (Appendix B). Model 1 includes only the control variables (the natural log of total revenue and the natural log of FTE employees). The next three models incorporate successive measures of the three key organizational theories: organizational ecology (Model 2: the natural log of age and the count of organizational components), resource dependency (Model 3: reliance on government funding, count of income sources, and reliance on volunteers) and institutional theory (Model 4: nonprofit status). Only then do we add indicators of the two perspectives of primary focus here: cost disease (Model 5: primary or major focus on arts and culture activities, and deficit over the last three years) and goal conflict (Model 6: high culture, increasing demand over last three years, decreased demand over last three years, heavy reliance on sales/fee income, size of board, and any board vacancy). We believe this strategy provides the more conservative test of hypotheses related to the latter two perspectives.

Before we explore the model series, we first review the bivariate relationships between the independent variables and the challenges scores (Appendix A). As Table A-5 illustrates, the signs of the coefficients follow the hypothesized direction for most of the independent variables (as indicated by + and minus signs). For five variables – board vacancy, decreased demand, deficits, dependence on volunteers, and dependence on government funding - all signs correspond with the hypothesized relationship. The signs are also mostly consistent for increased demand, high culture, primary arts focus, nonprofit/public sector, and reliance on sales. Over half of the coefficients for board vacancies and size, decreased demand, income sources, volunteer dependence are at least marginally significant. Mixed signs – as in the case of age and FTE – suggest that these characteristics have different relationships with the various challenges.[11] In a few cases, we observe that the coefficient signs run counter to the expected hypothesized relationship. The coefficients suggest that having a major (not primary) focus on arts and culture activities might be associated with decreased challenges. Additionally, a greater number of income sources might relate to greater challenges.

While the signs and significance of these variables shift as we control for other characteristics, this preliminary exploration hints that the goal conflict might be most related to capacity building challenges. Next, we turn to a brief overview of the results for each of the models before returning to a more detailed discussion of the hypotheses and whether we are able to confirm them or not in the full model.

[11] We also tested curvilinear transformations of FTE, age, and organizational components. Overall, this transformation did not represent the relationship in the majority of models.

Control Variables – Model 1

Model 1 (Table A-1) shows that the two control variables are significantly predictors for only four of the ten capacity challenges. Total revenue (natural log) is positively related to eight of the 10 challenges, but this relationship is significant for only three challenges. This simple model indicates that larger organizations (as measured by revenues) report more challenges related to governance, board and volunteers, and individual donations. Staff size (natural log of FTE) is positively related to seven of the ten challenges, yet only one of these relationships is significant. Unsurprisingly, the more staff the organization has, the greater the challenge it is to manage the staff. The relationship between size of staff and IT challenges is borderline significant. The control variables explain only a modest percent of the variance in challenges: the adjusted R-squared ranges between 2 percent for governance challenges and board and volunteer challenges, 3 percent for donation resource challenges, and 8 percent for managing staff.

Organizational Ecology – Model 2

Model 2A displays the results for just organizational age (natural log) and the sum of organizational components in place (formalization), while Model 2B also includes the two control variables. As Model 2A shows, older organizations tend to report more challenges across the board (except for governance) but the coefficients are significant for only two challenges: managing programs and planning (consistent with HY4B) and marketing; age is also borderline significant with IT challenges. The number of components is negatively related to all but two challenges, but none of these are significant; however, organizations with more components in place are significantly more likely to report challenges managing staff (consistent with HY4d) and donation resources. The results also indicate that more formalized organizations (as measured by the number of organizational components) experience fewer operations challenges. The combination of these two variables is significant for managing operations, staff, programs and planning, and donation financial resources, although the percent of variance explained (adjusted R-squared) is never more than 4 percent.

As shown in Model 2B, adding the two control variables reduces many of the coefficients although the signs generally remain consistent. While greater organizational age still appears significantly related to programs/planning and marketing challenges, this relationship is no longer significant for IT-related challenges. Additionally, we can still observe a significant relationship between organizational formalization and donor-related resources, but relationship with operations challenges becomes insignificant.

We also find that the patterns for the two control variables are generally consistent with those we found in Model 1 and that older organizations show positive relationship to seven of the ten challenges while those with more organizational components in place tend to report fewer challenges (seven of the ten challenges have negative coefficients). However, the model is significant only for four of the ten challenges: governance, staff, donation financial resources, and programs and planning.

Resource Dependency – Model 3

Model 3A shows the results for just the three measures of resource dependency: reliance on government funding, number of income sources, and dependency of volunteers. Model 3B additionally

includes the two control variables and measures of organizational ecology from Model 2. As Model 3A shows, the three variables jointly explain four challenges: governance, board and volunteers, donation financial resources, and information technology challenges, with total variance explained ranging between 5 and 12 percent.

Looking at the individual coefficients, we find that heavy reliance on government funding is negatively related to all challenges as expected (HY3a), but is significant only for challenges in governance, networking and advocacy, and information technology. Contrary to expectations, organizations with more revenue sources generally report more challenges (eight of the 10 coefficients are positive), but only four of these are significant: challenges in governance, managing staff, board and volunteers, and donation financial resources. Finally, as expected, heavily reliance on volunteers is generally associated with more challenges (eight of the ten coefficients are positive). This association is significant for managing board and volunteers and marginally significant for challenges with grant financial resources.

Model 3B shows that when the two control variables and measures of organizational ecology are included along with measures of resource dependency, the model is significant for five of the ten challenges: governance, staff, board and volunteers, donation financial resources, and IT. The total variance explained ranges between 6 percent for challenges in governance, donation financial resources and IT, nearly 9 percent for staff challenges, and 14 percent for board and volunteers. These are still modest results, but measurable higher levels of variance explained than for Models 1 and 2. The coefficients are generally consistent between Model 3A, Model 3B, and Model 2B; however, in Model 3B the relationship between board/volunteer challenges and total revenue is only marginally significant, as is the relationship between FTE and staff challenges. Looking at organizational ecology measures, the positive relationship between age and programs/planning challenges remains significant. Additionally, the positive relationship between donor financial resources and organizational components becomes marginally significant.

Institutional Theory – Model 4

Model 4A shows that nonprofit organizations (our only indicator of institutional theory) tend to have greater challenges across the board (eight of the ten coefficients are positive), although only two are significant: challenges with governance and managing board and volunteers. However, once we control for size and indicators of organizational ecology and resource dependency, all but one of the coefficients are negative, and there is a marginally significant relationship with program and planning challenges. The overall model is significant for five of ten dependent variables - the same five as were significant for Model 3, plus marginally significant for programs and planning.

Cost Disease – Model 5

In Model 5 we examine whether indicators of cost disease are related to capacity challenges. Model 5A shows that organizations that have a primary focus on arts and culture generally report greater challenges. “Primary focus” organizations report significantly greater challenges with governance, board and volunteers, programs and planning, marketing (a marginal relationship), networking and advocacy, grant financial resources, and donor financial resources. These relationships are less consistent and

significant among organizations with only a major focus on arts and culture. Additionally, while running a deficit is associated with higher challenges overall, it only significantly relates to networking and advocacy, donor financial resources, and staff management (a marginal relationship). Combined these measures are significant for four challenges (governance, networking and advocacy, as well as grant- and donor-related financial resources) and marginally significant for two more (board and volunteer management, and programs and planning). The explained variance, however, is quite low and ranges from less than 1 percent to only 7 percent.

Model 5B shows the results for the same four cost disease indicators, controlling for other organizational dimensions explored in Models 1 through 4. Six of the models are significant and one is borderline significant; the amount of variance explained is quite modest - ranging between a high of 12 percent for donor-related financial resources and board/volunteer management, 10 percent for governance and staff challenges, to 9 percent for challenges in grant-related financial resources. However, only four of the coefficients for the cost disease indicators are significant in the full model: a primary focus on arts and culture is significantly related greater challenges with grant- and donor-related financial resources, as well as governance challenges (as is having a major focus on arts and culture).

Goal Conflict – Model 6

We turn finally to a look at the results for our indicators of goal conflict. As Model 6A shows, the five variables jointly are significant for nine of the ten dependent variables (the only exception being operations challenges). The amount of variance explained is still modest although marginally higher than for Model 5, ranging between 4 percent for programs and planning challenges and 17 percent for board and volunteer challenges. Most noteworthy is the fact that board vacancy is significantly and positively related to seven of the ten challenges. The other three challenges are significantly and positively related to board size. Being a high culture organization only holds a marginally significant relationship with operations and grant-related financial challenges. Decreased demand is marginally related to increased board/volunteer challenges, while any change in demand (positive or negative) is associated with greater networking and advocacy challenges. Additionally, relying heavily on sales and fee revenue corresponds with fewer programming and planning challenges.

Model 6B includes all independent and control variables. Overall, the model is significant for eight of the ten dependent variables; the model for grant-related financial resources is marginally significant and the operations model is not significant at all. The amount of variance explained among the eight significant models range from a low of 11 percent (IT and staff challenges) and 23 percent (board and volunteer challenges). While still fairly low, these are notably higher than what we found for the other models. As the table also reveals, board vacancy has significant effects on six of the ten dependent variables (and marginal effect on another three), suggesting that this particular indicator is important across almost the entire range of capacity challenges. No other independent or control variable is significantly related to more than two of the challenge dimensions and eight of the 17 predictor variables are not significantly related to any of the ten challenge dimensions.

Table 1: Full OLS Regression Results for Influences on IT Capacity Building Challenges

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Control	Total Revenue (LN)	-0.005	-0.005	0.008	-0.017	0.017	0.030	0.056 **	-0.020	0.011	0.019
	FTE (LN)	0.075	0.075	0.079	-0.029	-0.018	0.029	0.023	0.033	-0.030	0.053
Organizational Ecology	Age (LN)	-0.082	-0.082	-0.029	0.024	0.162 ***	0.094	0.058	0.044	0.002	-0.035
	# of Org Components	-0.016 *	-0.016 *	0.008	-0.004	-0.009	-0.008	-0.008	-0.002	0.015	-0.009
Resource Dependency	Heavy Reliance Government Revenue	-0.419 **	-0.419	-0.130	-0.374 **	-0.024	-0.028	-0.158	0.138	0.162	-0.304 *
	# of Income Sources	-0.005	-0.005	0.005	0.023	-0.001	-0.035 **	-0.058 **	-0.023	0.011	-0.021
	Dependence on Volunteers	-0.014	-0.014	0.085 *	0.086 *	0.000	0.019	0.014	0.041	0.088 *	0.006
Institutional Constraints	Nonprofit (1) or Public Org (0)	-0.369	-0.369	-0.399	-0.645 **	-0.246	-0.264	-0.216	0.213	-0.094	-0.096
Cost Disease	Primarily Focused on Arts/Culture (1)	0.485 **	0.485	0.001	0.172	0.164	0.133	0.124	0.455 **	0.382 *	0.011
	Major Focus on Arts/Culture (1)	0.276	0.276	-0.225	0.050	0.051	-0.117	-0.063	-0.043	0.101	0.015
	Ran a Deficit Over Past 3 Years	0.036	0.036	-0.117	-0.077	-0.079	-0.087	0.037	-0.113	-0.096	-0.173
Goal Conflict	"High culture" Organization	-0.034	-0.034 **	-0.076	0.066	0.014	0.026	0.182	0.134	-0.062	0.077
	Demand Increased over Past Three Years	-0.111	-0.111	-0.208	-0.101	-0.065	-0.032	0.176	0.076	-0.061	-0.012
	Demand Decreased over Past Three Years	-0.081	-0.081	-0.126	-0.022	-0.092	-0.036	0.105	0.013	-0.066	-0.060
	Heavy Reliance on Sales/Fee Revenue	0.024	0.024	0.127	-0.021	-0.223 **	-0.147	0.025	-0.084	-0.085	0.134
	Number of Board Seats	0.007	0.007	0.008	0.006	0.010 *	0.013 **	0.010 *	0.005	0.006	0.013 *
	Any Vacant Board Seats	0.217 **	0.217 *	0.222 *	0.486 ***	0.167 *	0.256 ***	0.255 **	0.128	0.236 **	0.334 ***
	Constant	2.406 ***	2.406 ***	1.725 ***	2.265 ***	1.339 ***	1.531 ***	1.326 ***	1.648 ***	1.369 ***	1.751 ***
	F Statistic	1.948 **	1.372	1.779 **	2.994 ***	2.073 **	2.373 ***	2.535 ***	1.689 *	2.132 **	1.782 **
	Adjusted R Squared	0.129	0.055	0.108	0.237	0.143	0.176	0.193	0.097	0.15	0.109

Discussion

Overall we find mixed evidence for many of the theories considered. Goal conflict – particularly having board vacancies – provides the strongest explanation for a variety of capacity building challenges. It is where the proverbial shoe rubs and hurts.

Organizational Ecology

Organizational ecology theory only partially explains capacity challenges. We find strong support for HY4a, no support for HY4b, and partial support of HY4c. While there is a persistent and strong positive relationship between age and programs and planning challenges, the models provide only partial support for the other hypotheses; however, contrary to expectations, the models also suggest a positive relationship between marketing and age, which might be due to a close association with these two activities in arts and culture organizations. The results also indicate a similar association with networking and advocacy challenges, although none of these relationships are statistically significant. Furthermore, there appears to be no consistent relationship between age and financial resource or human resource challenges.

In general the models suggest a more complicated relationship between organizational sophistication (as indicated by the number of key organizational components) and capacity challenges than suggested by HY4C. When we control for FTE and revenue, the models indicate a weak negative association between organizational components and governance and operations challenges. The models also offer partial support for a positive relationship with donor-related financial resources. The inconsistencies in these relationships might suggest a more complex relationship between organizational components and capacity challenges (e.g., some relationships might be curvilinear while others might be linear).[12]

Resource Dependency

Consistent without our resource dependency hypotheses, the models also suggest that organizations that rely extensively on government funding have fewer capacity building challenges (HY3a). Across the models, most of the coefficients are negative and significant in twelve instances. Furthermore, the models consistently indicate a statistically significant negative relationship between heavy government funding and governance challenges. When we control for goal conflict, it also appears that organizations with significant government funding also experience fewer board and volunteer related challenges.

Additionally, the models offer partial support for HY3b: Organizations that rely or a broader array of funding streams tend to report less severe management challenges than those that rely on fewer funding sources. In the full model that tests all hypotheses (Model 6B) the data suggest that having more income sources correlates with fewer marketing and networking/advocacy challenges. However, the models indicate a positive relationship with most challenges (particularly governance, board/volunteers, and donor-related financial resources) when we do not control for goal conflict and

[12] We have definitely found this to be the case in a piece in progress that looks more specifically at IT-related capacity challenges.

cost disease variables.

Additionally, organizations that rely more extensively on volunteers appear more likely to report more severe management challenges than their counterparts (HY3c). Across the models we see strong indications that organizations relying more on volunteers experience greater board and volunteer related challenges as expected. When we control for cost disease, positive relationships between volunteer reliance and staff and donor-related financial challenges also emerge. However, all these relationships become marginally significant when we control for goal conflict. For other challenges, the signs of the coefficients tend to be inconsistent across models.

Institutional Constraints

In regards to institutional constraints, we find little support that nonprofit organizations will report more severe challenges than governmental organizations (HY5). In subsequent models, the direction of the relationship is unstable – sometimes negative and sometimes positive. In the final larger model that tests all hypotheses (Model 6B), nonprofit organizations appear to have significantly lesser challenges in board and volunteer management, which runs contrary the original hypothesis; additionally the majority of signs in the insignificant relationships are negative. Overall, this suggests that nonprofit status is not important once other organizational indicators are controlled.

Cost Disease

Cost disease explains some challenges in part. For example, organizations that primarily focus on arts and culture experience more severe challenges particularly in governance and financial resources (HY1a). The relationships with governance and grant-related resources are statistically significant, and the relationship with donor-related resources is marginally significant. While the coefficients suggest positive relationships with other challenges, none of these other relationships are statistically significant when we control for the other variable groups. The models offer less support for the hypothesis that organizations with a major focus on arts on culture would experience similar challenges. The coefficient signs are less consistent across the different challenges, and none of the relationships are significant in the full model. This suggests less of a distinction between organizations with a major focus on arts and culture and groups than only put a minor emphasis on such activities.

We find little support for HY1b: Organizations that have run deficits over the last two years report more severe management challenges, especially in securing financial resources or managing IT, than those that have broken even or had a surplus. A simple model focusing solely on cost disease measures suggests a positive relationship between deficits and all challenges (particularly those related to staff, networking and advocacy, and donor-related financial resources); however, when these relationships become largely insignificant when we test them in more complete models.

Goal Conflict

We find moderately strong support that goal conflict (particularly board vacancies) contributes to capacity building challenges. This is where the shoe rubs the most. The addition of goal conflict variables can increase the explanatory power of the model many times over (particularly for marketing,

networking and advocacy, and IT related challenges). Above all other hypotheses, the models strongly suggest that organizations with board vacancies are more prone to have capacity building challenges (HY2d). In the full model (Model 6B), we observe positive relationships with all challenges, with six of these relationships being statistically significant and two being marginally significant. Additionally, the models indicate that organizations with larger boards tend to experience more challenges, particularly in the areas of programming and planning, marketing, networking and advocacy, and IT.

Other measures of goal conflict – being a "high culture" arts/culture organizations, changes in demand for services/programs, and relying on sales revenue – have fewer significant and consistent relationships with capacity building challenges. Organizations with a higher reliance on sales revenue tend to report fewer programs and planning challenges (HY2c). This could be that organizations that have a greater capacity to plan and offer programs that fit the market also have greater sales revenue (i.e., a greater number of visitors to museums, more students in arts programs, selling more seats for performances). Additionally, "high culture" organizations report greater challenges with operations (HY2a). Anecdotally, conversations with respondents indicated that high culture organizations – like ballets, opera companies, museums, and orchestras – have greater challenges identifying and paying for performance venues (whether rented or owned). Finally, we find little evidence that changes in demand significantly relate to capacity challenges (HY2b) when we control for other variables.

Conclusion

Although the practitioner-oriented literature discusses nonprofit capacity building, previously few empirical studies have addressed this topic, perhaps reflecting definitional ambiguity over the term "capacity building." In this study we address questions about the extent and configuration of nonprofit capacity building challenges. Our survey on nearly 400 arts and culture providers documents a broad range of capacity building challenges, as well as particular organizational activities and characteristics. Based on prior literature and analysis of this data, we identify ten major capacity building challenge areas: governance, operations, staff management, board and volunteer management, programs and planning, networking and advocacy, marketing, grant-related financial resources, donor-related financial resources, and information technology.

We explore these capacity building challenges through a series of models that include organizational features and activities. These models include two theories of particular relevance to arts and cultural organizations. Cost disease focuses on discrepancies between finances and productivity that can occur in labor intensive fields, like arts and culture organizations. Goal conflict addresses the tensions between artistic and commercial goals. We also consider more general organizational perspectives on management practices: resource dependency, organizational ecology, and institutional theory.

Overall indicators of goal conflict – particularly board vacancies - seem persistently related to more severe capacity challenges when we control for other explanatory factors. Organizations with board vacancies tend to report greater capacity challenges in the areas of: governance, staff, board and volunteers, programs and planning, networking and advocacy, donor-related financial resources, and information technology. We also find that organizations with larger boards report more challenges in

marketing, programs and planning, networking and advocacy, and information technology.. Although these findings are specific to arts and culture organizations, we suspect that board vacancy in particular may be a useful warning signal of a broad array of challenges encountered by nonprofits operating in other fields as well.

Additionally, the models suggest that nonprofit organizations do not necessarily report greater capacity challenges than their governmental counterparts, indicating that nonprofit status is not important once other organizational indicators are controlled. The data suggest that nonprofit organizations might actually experience fewer challenges in board and volunteer management than governmental arts and culture providers. Future research will be needed to see if this pattern holds across other industries.

We find that the configurations of other explanatory patterns tend to vary across various capacity challenges. Cost disease, resource dependency, and organizational ecology all explain some capacity challenges in part, but most models explain relatively little of the variability in capacity building challenges. We also find that general organizational characteristics particularly fall short in explaining operations, staff, and financial resource challenges. Some additional exploration of the data suggests that the same organizational characteristic can have a variety of nonlinear relationships with different challenges. This suggests that by focusing on overall capacity building challenges we sacrifice the ability to explain specific challenges.

Additionally, the findings have implications for grant makers and other supporters of arts and culture providers. Grant makers have suggested that organizations are increasingly requesting assistance with their capacity building challenges. Overall, these findings suggest that grant makers seeking to address these issues focus on specific areas rather than capacity building as a whole. Furthermore, arts and culture organizations might benefit from programs that provide methods for ameliorating goal conflict as well as larger board-related challenges.

Overall this study is an early step in understanding a broad range of nonprofit capacity building challenges. Through this work, we help resolve some of the empirical challenges previously inhibiting empirical work on this topic. This research can serve as a foundation for further studies exploring more specific areas of nonprofit capacity building.

Appendix A – Dependent and Independent Variables

Table A-1: Factor analysis results

Governance and Operations	Components	
	Gov	Ops
Training and/or developing your board	.791	
Managing or improving board/staff relations	.763	
Improving management skills	.748	
Establishing organizational culture (e.g., team work, conflict resolution, etc.)	.668	
Undertaking strategic planning for your organization	.622	
Managing the facilities or space your organization uses		.866
Performing routine tasks indirectly related to mission or goals	.334	.717

Human Resources	Components	
	Board/Vol	Staff
Recruiting/keeping effective board members	.880	
Board training	.865	
Recruiting/keeping qualified and reliable volunteers	.624	.394
Volunteer training	.595	.475
Staff training		.839
Recruiting/keeping qualified staff		.808
Managing human resources (staff and volunteers)		.737

Financial Resources	Components	
	Grants	Donors
Securing foundation or corporate grant support	.805	
Writing grant proposals	.778	
Obtaining funding or other financial resources	.703	.320
Securing government grants or contracts	.586	.380
Managing finances or financial accounting	.586	
Building an endowment		.854
Expanding the donor base		.780
Developing a capital campaign for needed expansion	.377	.563
Undertaking effective special events	.322	.442

*Only one component extracted for all other challenge categories.

Table A-2: Descriptive Statistics of Dependent Variables

	Mean	Median	St. Dev	Minimum	Maximum
Total Revenue	$664,353	$44,406	$2,752,615	$0	$28,196,000
(LN)	9.41	10.70	4.64	.00	17.15
# of Employees	25.81	3.00	66.39	0.00	700.00
(LN)	1.79	1.39	1.61	0.00	6.55
Age	45.48	35.00	37.08	2.00	208.00
(LN)	3.49	3.56	0.87	0.69	5.34
# Org Components	17.83	18.00	7.34	1.00	31.00
% Heavy reliance on gov't revenue	12.94%		0.34	0.00%	100.00%
# Income Sources	4.80	5.00	3.43	0.00	13.00
Dependence on Volunteers	2.27		1.29	0.00	4.00
Nonprofit (1) Public (0)	0.80		0.40	0.00	1.00
Primarily Focused on Arts/Culture (1)	0.52		0.50	0.00	1.00
Major Focus on Arts/Culture (1)	0.25		0.43	0.00	1.00
Ran a Deficit Over Past 3 Years	0.25		0.43	0.00	1.00
"High culture" Organization	0.18		0.39	0.00	1.00
Demand Increased over Past Three Years	0.57		0.50	0.00	1.00
Demand Decreased over Past Three Years	0.10		0.30	0.00	1.00
% Heavy reliance on sales revenue	18.91%		0.39	0.00%	100.00%
# Board Seats	16.48	15.00	10.21	3.00	69.00
Any Vacant Board Seats	0.36		0.48	0.00	1.00

Table A-3: Dependent Variables Correlations

	Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial - Grants	Financial - Donors	IT
Governance	1.000									
Operations	0.285**	1.000								
Staff	0.422**	0.384**	1.000							
Board & Volunteers	0.674**	0.331**	0.472**	1.000						
Programs & Planning	0.359**	0.335**	0.371**	0.368**	1.000					
Marketing	0.450**	0.384**	0.394**	0.411**	0.699**	1.000				
Networking & Advocacy	0.448**	0.298**	0.357**	0.384**	0.523**	0.605**	1.000			
Financial - Grants	0.359**	0.339**	0.313**	0.328**	0.377**	0.441**	0.495**	1.000		
Financial - Donors	0.382**	0.26**	0.378**	0.436**	0.346**	0.481**	0.442**	0.540**	1.000	
IT	0.354**	0.329**	0.361**	0.357**	0.322**	0.438**	0.464**	0.406**	0.407**	1.000

** p<0.01

Table A-4: Independent and Control Variable Correlations

	Total Revenue (LN)	FTE (LN)	Age (LN)	# of Org Components	Heavy Reliance Govt Revenue	# of Income Sources	Dependence on Volunteers	Nonprofit (1) or For-profit Org (0)	Primarily Focused on Arts/Culture (1)	Major Focus on Arts/Culture (1)	Ran a Deficit Over Past 3 Years	"High culture" Organization	Demand Increased over Past Three Years	Demand Decreased over Past Three Years	Heavy Reliance on Sales/Fee Revenue	Number of Board Seats	Any Vacant Board Seats
Total Revenue (LN)	1.000																
FTE (LN)	0.046	1.000															
Age (LN)	0.015	0.442**	1.000														
# of Org Components	0.114	0.655**	0.348**	1.000													
Heavy Reliance Govt Revenue	0.023	0.124	0.002	0.061	1.000												
# of Income Sources	0.770**	0.118*	0.056	0.169**	0.000	1.000											
Dependence on Volunteers	0.249**	-0.251**	-0.046	-0.191**	-0.192**	0.243**	1.000										
Nonprofit (1) or For-profit Org (0)	0.220**	-0.340**	-0.264**	-0.219**	-0.386**	0.237**	0.220**	1.000									
Primarily Focused on Arts/Culture (1)	0.508**	-0.399**	-0.197**	-0.268**	-0.076	0.333**	0.147*	0.271**	1.000								
Major Focus on Arts/Culture (1)	-0.167*	0.215**	0.052	0.172*	0.021	-0.098	0.025	-0.120*	-0.599**	1.000							
Ran a Deficit Over Past 3 Years	-0.122	0.013	0.167*	0.054	-0.061	-0.020	0.025	-0.097	-0.051	0.007	1.000						
"High culture" Organization	0.229**	-0.122*	0.010	-0.136	0.047	0.136*	0.030	0.092	0.354**	-0.157**	-0.029	1.000					
Demand Increased over Past Three Years	0.138*	0.018	-0.051	0.175**	0.004	0.138*	0.062	0.029	0.032	0.065	-0.003	-0.186**	1.000				
Demand Decreased over Past Three Years	0.061	0.054	0.084	-0.122*	0.004	0.107	-0.022	-0.062	0.055	-0.113	0.050	0.103	-0.378**	1.000			
Heavy Reliance on Sales/Fee Revenue	0.131	-0.108	0.004	-0.122	-0.186**	-0.047	0.182**	-0.002	0.164*	-0.061	-0.094	-0.071	0.092	-0.064	1.000		
Number of Board Seats	0.342**	0.303**	0.238**	0.324**	-0.234**	0.336**	0.003	0.283**	0.022	0.063	0.054	0.015	-0.022	0.096	-0.003	1.000	
Any Vacant Board Seats	0.079	-0.134	-0.072	-0.042	-0.143	0.128	0.125	0.239**	0.228**	-0.156*	0.088	-0.015	0.052	-0.037	-0.034	0.216**	1.000

** p<0.01
* p<0.05

Table A-5: Bivariate relationships between the independent variables and the challenges scores

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial - Grants	Financial - Donors	IT
Total Revenue (LN)		+**	-	+	+**	-	+	+	+	+***	+
FTE (LN)		-	-*	+***	-	+	-	+	-	-	+
Age (LN)	(+/-)	-	-	+**	-	+***	+	+	-	+	+*
# of Org Components	(+)	-**	-**	+***	-	-	-	-	-**	+**	+
Heavy Reliance Govt Revenue	(-)	-**	-	-	-**	-	-	-*	-	-	-***
# of Income Sources	(-)	+***	-	+**	+***	+	+*	+	+	+***	+
Dependence on Volunteers	(+)	+**	+	+	+***	+	+	+	+*	+***	+*
Nonprofit (1) or For-profit Org (0)	(+)	+***	+	-	+**	-	+	+	+	+	+
Primarily Focused on Arts/Culture (1)	(+)	+***	+	-	+***	+	+	+	+***	+***	-
Major Focus on Arts/Culture (1)	(+)	-	-	+	-	-	-	-	-***	-	+
Ran a Deficit Over Past 3 Years	(+)	+	+	+*	+	+	+	+*	+	+*	+
"High culture" Organization	(+)	+**	+*	-	+**	+	+*	+	+	+	-
Demand Increased over Past Three Years	(+)	+	+	+	+	-	-	+*	+	+	+
Demand Decreased over Past Three Years		+***	+	+	+**	+**	+***	+**	+	+	+
Heavy Reliance on Sales/Fee Revenue	(-)	-	-	-	-	-*	-	-	+	-	-
Number of Board Seats		+***	-	+***	+**	+**	+***	+	-	+	+*
Any Vacant Board Seats	(+)	+***	+**	+	+***	+	+*	+**	+**	+***	+***

Appendix B – Multivariate Analysis Models

Table B-1: Model 1 - Control Variables (n=219)

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Control	Total Revenue (LN)	0.018 **	-0.010	0.012	0.021 **	-0.001	0.005	0.004	0.008	0.023 ***	0.002
	FTE (LN)	0.005	-0.038	0.103 ***	-0.012	0.026	0.020	0.020	-0.017	0.014	0.040 *
	Constant	1.724 ***	1.870 ***	1.551 ***	1.839 ***	1.877 ***	1.894 ***	1.929 ***	2.253 ***	2.053	1.767 ***
	F Statistic	3.055 **	1.927	10.009 ***	2.860 *	0.838	0.786	0.544	0.346	4.831 ***	1.467
	Adjusted R Squared	0.019	0.008	0.076	0.017	0.000	0.000	0.000	0.001	0.034	0.004

Table B-2: Model 2A - Organizational Ecology (n=268)

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Organizational Ecology	Age (LN)	-0.033	0.033	0.012	0.000	0.108 ***	0.078 **	0.037	0.010	0.003	0.073 *
	# of Org Components	-0.006	-0.013 **	0.103 ***	-0.002	-0.005	-0.005	-0.002	-0.007	0.012 **	-0.002
	Constant	2.116 ***	1.845 ***	1.551 ***	2.023 ***	1.656 ***	1.811 ***	1.907 ***	2.383 ***	2.047 ***	1.651 ***
	F Statistic	1.884	3.054 **	7.097 ***	0.084	4.510 **	2.442 *	0.428	1.244	3.442 **	1.536
	Adjusted R Squared	0.007	0.015	0.044	0.000	0.026	0.011	0.000	0.002	0.018	0.004

Table B-3: Model 2B - Organizational Ecology (n=210)

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Control	Total Revenue (LN)	0.022 ***	-0.006	0.013	0.022 **	0.001	0.005	0.007	0.010	0.019 **	0.004
	FTE (LN)	0.026	-0.021	0.064 *	-0.025	0.023	0.017	0.028	0.003	-0.027	0.031
Organizational Ecology	Age (LN)	-0.032	0.025	0.051	0.038	0.111 ***	0.088 **	0.032	-0.004	-0.014	0.053
	# of Org Components	-0.008	-0.010	0.008	0.000	-0.009	-0.007	-0.007	-0.008	0.014 **	-0.005
	Constant	1.877 ***	1.905 ***	1.281 ***	1.713 ***	1.637 ***	1.729 ***	1.895 ***	2.344 ***	1.959 ***	1.660 ***
	F Statistic	2.571 **	1.655	5.265 ***	1.466	2.473 **	1.528	0.633	1.086	2.950 **	0.768
	Adjusted R Squared	0.029	0.012	0.075	0.009	0.027	0.010	0.000	0.002	0.036	0.000

Table B-4: Model 3A - Resource Dependency (n=199)

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Resource Dependency	Heavy Reliance Government Revenue	-0.245 **	-0.090	-0.111	-0.202	-0.094	-0.096	-0.220 **	-0.008	-0.138	-0.380 ***
	# of Income Sources	0.027 **	-0.014	0.028 **	0.042 ***	0.008	0.010	0.012	-0.002	0.037 ***	0.014
	Dependence on Volunteers	0.008	0.048	0.012	0.092 ***	-0.029	-0.002	-0.035	0.049 *	0.024	0.023
	Constant	1.764 ***	1.679 ***	1.679 ***	1.548 ***	1.967 ***	1.949 ***	2.044 ***	2.194 ***	2.055 ***	1.778 ***
	F Statistic	4.326 ***	1.136	2.085	10.214 ***	0.650	0.634	1.723	1.143	5.174 ***	4.747 ***
	Adjusted R Squared	0.048	0.002	0.016	0.122	0.000	0.000	0.011	0.002	0.059	0.053

Table B-5: Model 3B - Resource Dependency (n=182)

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Control	Total Revenue (LN)	0.006	-0.009	-0.005	-0.027 *	0.003	0.013	0.016	0.011	0.001	-0.015
	FTE (LN)	0.026	-0.007	0.069 *	-0.026	0.014	0.027	0.037	-0.020	-0.030	0.055
Organizational Ecology	Age (LN)	-0.039	0.000	0.060	0.043	0.111 **	0.065	0.050	-0.010	-0.030	-0.001
	# of Org Components	-0.012 *	-0.009	0.007	-0.002	-0.010	-0.011	-0.009	-0.002	0.014 *	-0.006
Resource Dependency	Heavy Reliance Government Revenue	-0.217 **	-0.074	-0.121	-0.167	-0.066	-0.101	-0.234 **	0.002	-0.127	-0.371 ***
	# of Income Sources	0.032	0.001	0.029	0.071 ***	0.016	0.004	0.000	-0.004	0.033 *	0.031 *
	Dependence on Volunteers	0.008	0.038	0.045	0.106 ***	-0.025	-0.012	-0.033	0.038	0.032	0.049
	Constant	1.942 ***	1.878 ***	1.178 ***	1.551 ***	1.634 ***	1.792 ***	1.877 ***	2.223 ***	1.947 ***	1.780 ***
	F Statistic	2.881 ***	0.911	3.554 ***	5.342 ***	1.549	1.085	1.349	0.763	2.992 ***	2.709 **
	Adjusted R Squared	0.067	0.000	0.089	0.143	0.021	0.003	0.013	0.000	0.066	0.062

Table B-6: Model 4A - Institutional Constraints (n=278)

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Institutional Constraints	Nonprofit (1) or Public Org (0)	0.240 ***	0.015	-0.027	0.229 **	-0.087	0.037	0.050	0.020	0.130	0.115
	Constant	1.706 ***	1.722 ***	1.861 ***	1.807 ***	2.000 ***	1.957 ***	1.962 ***	2.291 ***	2.170 ***	1.792 ***
	F Statistic	9.028 ***	0.026	0.082	5.968 **	1.360	0.273	0.547	0.073	2.330	0.186
	Adjusted R Squared	0.028	0.000	0.000	0.018	0.001	0.000	0.000	0.000	0.005	0.003

Table B-7: Model 4B - Institutional Constraints (n=179)

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Control	Total Revenue (LN)	0.007	-0.011	-0.005	-0.027 *	0.000	0.012	0.013	0.009	-0.001	-0.018
	FTE (LN)	0.022	-0.011	0.064	-0.031	0.011	0.027	0.034	-0.021	-0.030	0.055
Organizational Ecology	Age (LN)	-0.054	-0.017	0.044	0.014	0.089 *	0.057	0.036	-0.018	-0.066	0.004
	# of Org Components	-0.012 *	-0.008	0.006	-0.002	-0.011 *	-0.011 *	-0.010	-0.002	0.015 **	-0.003
Resource Dependency	Heavy Reliance Government Revenue	-0.259 **	-0.100	-0.189	-0.223	-0.141	-0.125	-0.282 **	-0.027	-0.151	-0.310 **
	# of Income Sources	0.034 **	0.005	0.033	0.073 ***	0.025	0.007	0.007	0.001	0.038 **	0.031
	Dependence on Volunteers	0.008	0.045	0.047	0.107 ***	-0.015	-0.009	-0.023	0.044	0.043	0.056
Institutional Constraints	Nonprofit (1) or Public Org (0)	-0.089	-0.074	-0.162	-0.118	-0.205 *	-0.060	-0.142	-0.086	-0.057	0.123
	Constant	2.081 ***	1.976 ***	1.384 ***	1.755 ***	1.864 ***	1.867 ***	2.024 ***	2.305 ***	2.071 ***	1.607 ***
	F Statistic	2.554 **	0.814	3.004 ***	4.499 ***	1.715 *	0.968	1.270	0.727	3.110 ***	2.685 ***
	Adjusted R Squared	0.065	0.000	0.082	0.135	0.031	0.000	0.012	0.000	0.086	0.070

Table B-8: Model 5A - Cost Disease (n=183)

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Cost Disease	Primarily Focused on Arts/Culture (1)	0.389 ***	0.083	-0.142	0.295 **	0.229 **	0.194 *	0.249 **	0.201 **	0.259 **	-0.012
	Major Focus on Arts/Culture (1)	0.212 *	0.141	-0.091	0.263 *	0.221 **	0.113	0.155	-0.091	0.097	0.029
	Ran a Deficit Over Past 3 Years	0.110	0.157	0.181 *	0.158	0.075	0.092	0.177 **	0.084	0.188 **	0.095
	Constant	1.545 ***	1.598 ***	1.925 ***	1.720 ***	1.686 ***	1.795 ***	1.735 ***	2.155 ***	2.045 ***	1.837 ***
	F Statistic	5.315 ***	1.174	1.476	2.555 *	2.182 *	1.704	3.109 **	5.384 ***	3.576 **	0.376
	Adjusted R Squared	0.066	0.003	0.008	0.025	0.019	0.011	0.033	0.067	0.040	0.000

Table B-9: Model 5B - Cost Disease (n=129)

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Control	Total Revenue (LN)	-0.026	0.000	0.010	-0.051 *	0.022	0.031	0.033	-0.012	0.005	0.003
	FTE (LN)	0.115 **	0.024	0.093 *	0.016	0.002	0.039	0.080	0.034	-0.032	0.061
Organizational Ecology	Age (LN)	-0.040	0.076	0.089	0.109	0.160 ***	0.124 **	0.081	0.034	0.021	0.037
	# of Org Components	-0.014 *	-0.009	0.003	-0.002	-0.007	-0.005	-0.006	-0.001	0.021 **	-0.003
Resource Dependency	Heavy Reliance Government Revenue	-0.300 **	0.026	-0.077	-0.103	0.085	0.113	0.047	0.079	0.137	-0.213
	# of Income Sources	0.020	-0.039	0.013	0.063 **	0.012	-0.015	-0.025	-0.022	0.017	0.007
	Dependence on Volunteers	0.018	0.062	0.101 **	0.134 ***	0.019	0.031	0.026	0.033	0.068 *	0.022
Institutional Constraints	Nonprofit (1) or Public Org (0)	-0.017	0.218	0.028	-0.055	-0.061	0.095	0.196	0.085	0.092	0.263
Cost Disease	Primarily Focused on Arts/Culture (1)	0.587 ***	0.248	-0.081	0.374	0.123	0.093	0.287	0.450 **	0.368 *	0.122
	Major Focus on Arts/Culture (1)	0.427 **	0.137	-0.168	0.258	0.139	-0.035	0.116	-0.044	0.086	0.138
	Ran a Deficit Over Past 3 Years	0.045	0.072	-0.059	-0.075	-0.046	-0.040	0.058	-0.020	0.014	-0.113
	Constant	1.768 ***	1.206 ***	0.972 **	1.265 ***	1.029 ***	1.077 ***	0.975 **	1.909 ***	1.187 ***	1.223 ***
	F Statistic	2.417 ***	1.060	2.309 **	2.658 ***	1.931 **	1.490	1.709 *	2.090 **	2.666 ***	1.399
	Adjusted R Squared	0.108	0.005	0.100	0.124	0.074	0.040	0.057	0.085	0.124	0.033

Table B-10: Model 6A - Goal Conflict (n=139)

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Goal Conflict	"High culture" Organization	0.080	0.206 *	-0.088	0.046	0.013	0.051	0.152	0.177 *	-0.051	-0.040
	Demand Increased over Past Three Years	-0.052	0.154	0.063	0.026	0.000	-0.002	0.165 *	0.092	-0.008	0.051
	Demand Decreased over Past Three Years	0.120	0.112	0.181	0.284 *	0.100	0.161	0.282 **	0.162	0.022	0.037
	Heavy Reliance on Sales/Fee Revenue	0.058	-0.008	0.050	0.008	-0.200 **	-0.102	0.005	0.007	-0.147	-0.016
	Number of Board Seats	0.005	-0.004	0.015 ***	0.002	0.010 **	0.010 **	0.009 **	-0.001	0.008 *	0.009 *
	Any Vacant Board Seats	0.243 ***	0.226 **	0.095	0.498 ***	0.054	0.106	0.186 **	0.194 **	0.292 ***	0.279 ***
	Constant	1.773 ***	1.517 ***	1.511 ***	1.787 ***	1.766 ***	1.773 ***	1.621 ***	2.117 ***	2.133 ***	1.642 ***
	F Statistic	2.428 **	1.689	2.430 **	6.283 ***	2.086 *	2.411 **	3.512 ***	1.870 *	3.627 ***	2.609 **
	Adjusted R Squared	0.053	0.026	0.053	0.172	0.041	0.052	0.090	0.033	0.093	0.059

Table B-11: Model 6B - Goal Conflict (n=109)

		Governance	Operations	Staff	Board & Volunteers	Programs & Planning	Marketing	Networking & Advocacy	Financial Resources: Grants	Financial Resources: Donors	IT
Control	Total Revenue (LN)	-0.005	-0.005	0.008	-0.017	0.017	0.030	0.056 **	-0.020	0.011	0.019
	FTE (LN)	0.075	0.075	0.079	-0.029	-0.018	0.029	0.023	0.033	-0.030	0.053
Organizational Ecology	Age (LN)	-0.082	-0.082	-0.029	0.024	0.162 ***	0.094	0.058	0.044	0.002	-0.035
	# of Org Components	-0.016 *	-0.016 *	0.008	-0.004	-0.009	-0.008	-0.008	-0.002	0.015	-0.009
Resource Dependency	Heavy Reliance Government Revenue	-0.419 **	-0.419	-0.130	-0.374 **	-0.024	-0.028	-0.158	0.138	0.162	-0.304 *
	# of Income Sources	-0.005	-0.005	0.005	0.023	-0.001	-0.035 **	-0.058 **	-0.023	0.011	-0.021
	Dependence on Volunteers	-0.014	-0.014	0.085 *	0.086 *	0.000	0.019	0.014	0.041	0.088 *	0.006
Institutional Constraints	Nonprofit (1) or Public Org (0)	-0.369	-0.369	-0.399	-0.645 **	-0.246	-0.264	-0.216	0.213	-0.094	-0.096
Cost Disease	Primarily Focused on Arts/Culture (1)	0.485 **	0.485	0.001	0.172	0.164	0.133	0.124	0.455 **	0.382 *	0.011
	Major Focus on Arts/Culture (1)	0.276	0.276	-0.225	0.050	0.051	-0.117	-0.063	-0.043	0.101	0.015
	Ran a Deficit Over Past 3 Years	0.036	0.036	-0.117	-0.077	-0.079	-0.087	0.037	-0.113	-0.096	-0.173
Goal Conflict	"High culture" Organization	-0.034	-0.034 **	-0.076	0.066	0.014	0.026	0.182	0.134	-0.062	0.077
	Demand Increased over Past Three Years	-0.111	-0.111	-0.208	-0.101	-0.065	-0.032	0.176	0.076	-0.061	-0.012
	Demand Decreased over Past Three Years	-0.081	-0.081	-0.126	-0.022	-0.092	-0.036	0.105	0.013	-0.066	-0.060
	Heavy Reliance on Sales/Fee Revenue	0.024	0.024	0.127	-0.021	-0.223 **	-0.147	0.025	-0.084	-0.085	0.134
	Number of Board Seats	0.007	0.007	0.008	0.006	0.010 *	0.013 **	0.010 *	0.005	0.006	0.013 *
	Any Vacant Board Seats	0.217 **	0.217 *	0.222 *	0.486 ***	0.167 *	0.256 ***	0.255 **	0.128	0.236 **	0.334 ***
	Constant	2.406 ***	2.406 ***	1.725 ***	2.265 ***	1.339 ***	1.531 ***	1.326 ***	1.648 ***	1.369 ***	1.751 ***
	F Statistic	1.948 **	1.372	1.779 **	2.994 ***	2.073 **	2.373 ***	2.535 ***	1.689 *	2.132 **	1.782 **
	Adjusted R Squared	0.129	0.055	0.108	0.237	0.143	0.176	0.193	0.097	0.15	0.109

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