

Spring 2021

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Recommended Citation

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The Role of Leadership Within Nonprofits

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POLI 491

Dr. Martin

28 April 2021

Statement of Research

By definition, a nonprofit is an organization that can be described as formal, private, nonprofit distributing, self-governing, and voluntary.¹ These five basic characteristics showcase that a nonprofit is an organization that is institutionalized separate from the government and is equipped to operate activities that acquire a meaningful degree of voluntary participation, providing opportunities for people to work together to reach goals surrounding the common good, and to bring hopes and dreams into action.²

Within the United States, there are an estimated 1.3 million nonprofits that have been established. Their missions range from feeding, healing, sheltering, educating, inspiring, enlightening, and nurturing people of every age, gender, race, and socioeconomic status.³ Of these established nonprofits, most are small and community based. Therefore, within Georgetown County, South Carolina, it is of no surprise that there are an estimated eighty-eight nonprofit organizations, each differing in size, whose missions revolve around conducting good within the community in ways relating to economic vitality, basic needs, root causes of poverty, environmental issues, and youth development.⁴

However, despite the good work that nonprofits within Georgetown County aim to achieve, there are growing challenges that many organizations are seemingly facing that limit their abilities to accomplish their overall mission to the highest standard possible. These

¹ Lester M. Salamon, "In Search of the Non-profit Sector. I: The Question of Definitions," *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 3, no. 2 (1992): 125.

² "Nonprofit Impact Matters," National Council of Nonprofits, last modified September 1, 2019, <https://www.nonprofitimpactmatters.org/site/assets/files/1/nonprofit-impact-matters-sept-2019-1.pdf>.

³ "Nonprofit Impact Matters," National Council of Nonprofits, last modified September 1, 2019, <https://www.nonprofitimpactmatters.org/site/assets/files/1/nonprofit-impact-matters-sept-2019-1.pdf>.

⁴ "Nonprofit Directory – Georgetown County – The Bunnelle Foundation," Frances P. Bunnelle Foundation, last modified November 18, 2020, <https://bunnelle.org/nonprofit-directory/>.

challenges stem from internal matters relating to financial accountability, to external matters relating to fundraising, and are being experienced all throughout the country.⁵

Although there are a variety of ways that organizations can achieve funding, whether it is through philanthropy, charitable donations, service fees, government grants, loans, etc., nonprofits are still experiencing these economic challenges. Due to this, a solution must be discovered in order to help keep afloat the nonprofits that work to serve many different aspects of everyday life. The goal of this paper is to bring to light the economic strains that nonprofits are experiencing, and the potential solution that investment in leadership programs have to offer, directly relating to Sustainable Development Goals 4: Quality Education, 11: Sustainable Cities and Communities, and 17: Partnerships. I will be focusing specifically on nonprofits within Georgetown County, and determining if the implementation of leadership programs within nonprofits, explicitly programs distributed by the organization Five Capitals, would be the best solution in order to help improve organizational funding issues.

Case Study

Throughout the Spring semester I had the opportunity to intern with the UN Youth Corps Georgetown RISE - Resilience, Innovation, Sustainability, and Education - Program, working directly with the organization Five Capitals. This organization is a Christian-based leadership consultant company based in Pawley's Island, South Carolina. With a vision "to see a world where people thrive", they work towards equipping leaders across the country with life-changing tools, content, and skills that result in more impactful and productive leaders and teams throughout organizations.⁶ The key to their success is through the technique of coaching. Five

⁵ "Nonprofit Impact Matters," National Council of Nonprofits, last modified September 1, 2019, <https://www.nonprofitimpactmatters.org/site/assets/files/1/nonprofit-impact-matters-sept-2019-1.pdf>.

⁶ "Home," Five Capitals, last modified January 28, 2020, <https://fivecapitals.net/>.

Capitals follows the outline of a framework they address as the Prioritized Leader Framework, stressing that workers in today's day and age prefer those higher up to feel like a coach rather than a boss, and Five Capitals provides resources in order to make this happen.

The Prioritized Leader Framework revolves around five priorities that Five Capitals deems as the key to success within any organization. These priorities are ranked in order from purpose - meaning an organization's mission, people - meaning the relationships within an organization, pace - meaning the hustle within an organization, perception - meaning the innovation within an organization, and profit - meaning the money within an organization; with purpose being the first and more important priority, and profit being the last of the priorities.⁷ This framework follows the perspective that if an organization is not prioritized correctly, then issues tend to arise, for example the organizational funding issues that are occurring throughout the country. The main purpose of this framework is to allow leaders within organizations to see where their priorities may be misaligned. Once misalignment is determined, through multiple assessments, coaching is then provided in order to help realign an organization's priorities to the correct order, ultimately coming to solutions arranged to fix the organization's problems.⁸

Five Capitals has had many success stories with using this framework, particularly with for-profit organizations, one testimonial being the cell-phone company Verizon. However, as times move on, Five Capitals is wanting to move on as well, recognizing that nonprofits are becoming a staple within our society. As a result, Five Capitals is attempting to build a nonprofit sector within their organization, seeking nonprofits that could potentially benefit from the Prioritized Leader Framework.

⁷ "Home," Five Capitals, last modified January 28, 2020, <https://fivecapitals.net/>.

⁸ "Home," Five Capitals, last modified January 28, 2020, <https://fivecapitals.net/>.

Although for-profit and nonprofit organizations have different focuses, the Prioritized Leader Framework is still able to bring out success within nonprofits. The only difference is that, in a nonprofit perspective of the framework, the top four priorities, purpose, people, pace, and perception, are emphasized more than profit. Since nonprofits do not focus on making money, but instead focuses on making a difference, the profit part of the Prioritized Leader Framework is adjusted to discuss how organizations can reinvest their money into a successful organization. This focuses on not only bettering the organization internally but also gradually moving outwardly, strengthening every aspect within the nonprofit by defining a specific mission, while focusing on who volunteers for the organization.

The main selling point of the Prioritized Leader Framework in a nonprofit perspective is that investment is key to commitment. Although Five Capitals will not offer this framework for free, the organization is set out to work with any nonprofit, no matter what they can afford, simply to see organizations thrive to the best of their ability.

Empirical Data

As Five Capitals attempts to expand their organization and its resources into the nonprofit sector, every project I worked on throughout the semester related to this target to some extent. One specific project I worked on with Five Capitals focused directly on the nonprofits within Georgetown County. The main objective of this project was to determine the type of needs that nonprofit organizations within the county have and conclude if their needs were related to something that Five Capitals could offer their services, mainly the Prioritized Leader Framework, in order to help improve the success of the organization.

Primarily, I sent out a survey to around a fourth of the nonprofits within Georgetown County, mainly to the smaller nonprofits within the area. The reasoning behind sending the

survey to mainly smaller nonprofits within Georgetown County was to start Five Capitals expansion into the nonprofit sector out as small and build up from there. The survey asked three specific questions in order to get a generalized idea of the nonprofits within the area:

1. How satisfied are you with your organization's accomplishment of its mission?
2. What is your organization's biggest challenge?
3. If you could ask for one thing for your organization, what would you ask for?

Of the responses I received back, it was clear that overall, many nonprofits within Georgetown County struggle with funding.⁹

I wanted to dive deeper into how leadership relates to this recurring problem of organizational funding throughout nonprofits in Georgetown County, hoping to see the impact that Five Capitals resources could bring to the table. Looking on a larger scale, one specific model that I found related the concern of financial performance with the importance of an organization's purpose, which is the first priority within the Prioritized Leader Framework. This model stated that companies with a purpose statement simply perform at the average of financial market performance. However, purposeful companies outperform the market by 42%, compared to companies completely without a purpose that underperform the market by 42%.¹⁰

Analysis

Analyzing both the survey results and what the model represents compared to Five Capitals' Prioritized Leader Framework, it is obvious that leadership and funding seem to go hand and hand within an organization. However, to fully understand how local nonprofits'

⁹ Kendel Paulen, "Response Summary," Typeform, last modified March 1, 2021, <https://admin.typeform.com/form/VWuCmTh2/results#summary>.

¹⁰ Katie Jones, "The Habits of Highly Effective Leaders," Visual Capitalist, last modified December 17, 2019, <https://www.visualcapitalist.com/habits-highly-effective-leaders/>.

funding problems are related to their leadership, it is important to look at this perspective in relation to the Sustainable Development Goals.

Sustainable Development Goals are specific goals that have been established by the United Nations, based on looking at the world in a broad scale, and pinpointing the reoccurring issues throughout that need to be addressed. These goals can be described as “the blueprint to achieve a better and more sustainable future for all.”¹¹ Of these pinpointed issues, the United Nations created seventeen global goals that cover a variety of different categories, all in place in order to achieve sustainability not only for the future, but also sustainability for the present.

Five Capitals’ vision is to “see a world where people thrive”, and as that relates to improving leadership within organizations, it also relates to Sustainable Development Goal 4: Quality Education.¹² Five Capitals has spent years building their framework in order to help improve leaders and their leadership skills. There are assessments, workshops, and resources that have been created in order to help educate people to become better leaders within their organization. With the mindset that quality education feeds into quality leadership this leads into Sustainable Development Goal 11: Sustainable Cities and Communities.¹³ Being educated in leadership allows those in charge to come up with unique and different ways to help their community, specifically those in charge within Georgetown County. Whether it is a unique fundraising event that pushes community participation, or a clothing drive for students in need, having a new perspective on leadership helps sustain cities and communities drastically, thus

¹¹ “Take Action for the Sustainable Development Goals – United Nations Sustainable Development,” United Nations, accessed April 28, 2021. <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

¹² “Take Action for the Sustainable Development Goals – United Nations Sustainable Development,” United Nations, accessed April 28, 2021. <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

¹³ “Take Action for the Sustainable Development Goals – United Nations Sustainable Development,” United Nations, accessed April 28, 2021. <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

leading into Sustainable Development Goal 17: Partnerships.¹⁴ Partnerships within a community are the key to success, and can range from partnerships with other nonprofit organizations, partnerships with organizations like Five Capitals, or even partnerships with donors.

Understanding these Sustainable Development Goals is important in relation to Five Capitals, leadership, and organizational funding. Leadership creates sustainable cities and communities, and communities that are served by local nonprofits. If Georgetown County is a sustainable community due to the quality education and leadership that citizens are receiving, then sustainability creates stability. Many of the Georgetown County nonprofits stated that their biggest challenge as an organization was upkeep funding. However, if a community is stable, then that means that funding is more easily attainable.

Conclusion

Looking at the empirical data, as well as the analysis given, in relation to Georgetown County's nonprofits and the problem of funding, it is clear that leadership can be directly related to funding within an organization. Having a clear purpose, as well as the other four priorities that Five Capitals states are keys to success, benefits organizations financially more than one might think. Learning how to operate based on the budget at hand, in order to gain more funding is a prime example of successful leadership. Good leadership creates a vision and motivates in order to make it a reality; attracting, inspiring, and ultimately retaining as much talent as possible as knowledge is the differentiator within organizations.¹⁵ Therefore, I believe that the first step towards fixing the organizational funding issue that is occurring within nonprofits in Georgetown County is to implement leadership programs, educating in order to see results.

¹⁴ "Take Action for the Sustainable Development Goals – United Nations Sustainable Development," United Nations, accessed April 28, 2021. <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

¹⁵ Eric Beato, "Why is Leadership Important," *Babson Thought & Action*, November 3, 2020, <https://entrepreneurship.babson.edu/why-is-leadership-important/>.

Future Recommendations

My recommendation for the nonprofits within Georgetown County that are experiencing organizational funding issues is to invest in leadership programs, whether the programs are provided by Five Capitals or another company that offers the same services. It is proven that many organizations with successful leaders tend to result in a higher percentage of successful performances, as a strong leader has higher engagement with customers, as well as investors. This higher engagement could potentially lead to improving the funding issues within an organization, as well as any other problems that may arise within the future of the organization.

However, with this recommendation, I am not stating that the nonprofits within Georgetown County do not have successful leaders, or that their organizations are unproductive due to their challenges. I am simply saying that there is always room for improvement and being opened to another perspective, that leadership programs provide could possibly benefit a company in a way that has never been thought of before, potentially making the organization, and their mission, reach places never thought possible.

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