

**Examining Organizational Capacity of Nonprofits in Persistently Poor, Rural
Counties in the Southern Region of the United States**

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DEDICATION

For my husband, Jonathon, who believed in me from the moment we met, refused to let my dreams go, and would surely go to the moon and back for me.

For my daughter, Kate, whose existence, love, and faith kept me going when I wanted to give up.

For my grandma, Trish, who has been my biggest fan since birth and always told me I could be whatever and whoever I wanted.

For my grandpa, Jerry, for teaching me that with hard work, anything is possible.

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ABSTRACT

Background: Rural residents in the U.S. are bearing adversities related to income, health, safety, and education. Environmental contextual factors such as isolation, lack of transportation, racism, depleted natural resources, and sparse economic investments contribute to social problems. One vulnerable region is the rural South, where persistent poverty is rampant. Nonprofits play a critical role in assisting rural communities to improve quality of life. Nonetheless, little knowledge exists about rural nonprofits, their organizational capacity, and how environmental context factors impact their operations. **Methods:** In the first study, a scoping review (N=15) was conducted to characterize the state of knowledge related to rural nonprofit organizational capacity. Focused on nonprofits in persistently poor counties in the rural South, the second study gathered data from IRS 990s and surveys about organizational characteristics and organizational capacity (N=292). An exploratory factor analysis (EFA) was also conducted to identify domains of organizational capacity. In the final study, a qualitative, multiple case study approach was deployed (N=9) to pursue a deeper understanding of the relationship between rurality and organizational capacity of human services nonprofits. **Results:** The scoping review uncovered 15 studies. Many strengths and challenges related to organizational capacity were identified; however, gaps in research were plentiful. The second study found the average nonprofit was less than 20 years old, had a budget less than \$500,000, and was a human service-oriented organization. Strengths in organizational capacity included financial management, strategic planning, collaboration, and program planning, while challenges were personnel evaluation, succession planning, fundraising planning, and volunteer management. The EFA revealed four

domains of organizational capacity. Findings from the third study showed that nonprofits were skilled in enduring change, innovation, fundraising, and financial accountability. Challenges related to being understaffed and underfunded such as recruitment efforts, assessment, and communications. Environmental contextual factors were barriers to nonprofits, including poverty, racism, isolation, transportation, and the “Good Old Boy” network. **Conclusions:** This dissertation provides knowledge in an area that has been minimally explored. Findings from the three studies will inform policy, education, and funding decisions in rural nonprofits whose work impacts rural America, where residents are in dire need of help.

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CHAPTER I: INTRODUCTION

Residents of rural America are shouldering complex, grueling hardships related to income, health, safety, and education. Of the 60 million people living in rural areas, almost 17 percent are living in poverty (United States Department of Agriculture [USDA]/Economic Research Service [ERS], 2019). Compared to their urban counterparts, rural residents are struggling more with obesity, chronic illnesses (Befort, Nazir, & Perri, 2012), and suicide (Ivey-Stephenson, Crosby, Jack, Haileyesus, & Kresnow-Sedacca, 2017), while also having less access to health providers and insurance (e.g., Health Resources and Services Administration, 2017). These issues have led to higher mortality rates for rural individuals (North Carolina Rural Health Research Program, 2017). Rural areas are confronting increases in some categories of property and violent crimes that rival urban areas (Dawson, 2017), and offenses against children are also on the rise (e.g., Administration for Children and Families, 2010). Test scores and graduation rates for impoverished and minority rural students fare below those in urban areas, and overall, rural students may not be as prepared to apply to or attend college (Showalter, Klein, Johnson, & Hartman, 2017). The rural South is an especially vulnerable region of the United States (U.S.) with the highest rates of persistent poverty in the country (USDA/ERS, 2019). In this area, people of color are disproportionately affected by income inequities and the struggles that come along with being impoverished such as poor health and inadequate housing (Housing Assistance Council, 2012; Partners for Rural Transformation, 2019).

Nonprofits provide crucial services and interventions at the individual, organization, and community levels to address challenging societal issues (Berman, 2002). Human service-oriented nonprofits, past and present, have played a critical part in assisting rural residents with

challenges and improving the quality of life in the South (Galen & Alexander, 2011; Lohmann, 2005). The rural nonprofit, especially in the South, is further tasked to “reinforce and stabilize tradition and traditional ways of being and doing in rural areas...” while also leading the effort to create new ones and mediating social change that is often pushed by urban neighbors (Lohmann, 2005, p. 92). Though their work may be important, little is known about the state of rural nonprofits in the U.S. including their missions, how many exist, or their struggles and strengths. More specifically, few empirical studies exist that scrutinize organizational capacity of rural nonprofits – everything used by an organization to accomplish its respective mission (Light, 2004). To be clear, the expectation is that rural nonprofits assist with difficult societal problems, but it is unknown if these organizations have the capacity and infrastructure to handle them.

This dissertation, which is comprised of three separate studies, will focus on rural nonprofits in the U.S. and examine their organizational capacity as well as environmental contextual factors that positively and negatively impact capacity. The first study is a scoping review that characterizes the state of empirical knowledge related to organizational capacity of rural nonprofits in the U.S. within the twenty-first century. The second study focuses on nonprofits located in rural, persistently poor counties in the South. This investigation seeks to describe characteristics of the organizations serving this region, establish a baseline knowledge of organizational capacity, and identify organizational capacity domains in rural nonprofits. The final study pursues a deeper understanding between the environmental contextual factors of operating in a rural area and the organizational capacity of human services-oriented nonprofits based on perspectives of administrators.

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**CHAPTER II: ORGANIZATIONAL CAPACITY OF NONPROFIT
ORGANIZATIONS IN RURAL AREAS OF THE UNITED STATES: A
SCOPING REVIEW**

Abstract

Background: Rural America makes up about 19 percent of the U.S. population. There are several positive aspects of rural communities, but many are facing difficult obstacles including poverty as well as health and education disparities. Nonprofits carry a substantial burden to help citizens and communities overcome challenges, though little empirical knowledge is available regarding rural nonprofits, their organizational capacity, and their ability to meet their missions. Organizational capacity is anything that is used to help an organization accomplish their mission, such as staffing, funding, and space. More explicitly, society depends on rural nonprofits to address the complex trials facing communities, but it is unknown if they have the tools to accomplish the job. This study examines the results of a scoping review regarding the current state of empirical knowledge about the organizational capacity of rural nonprofits in the U.S.

Methods: In summer 2018, a scoping review was completed. The present study employed a three-step process for article discovery. **Results:** The scoping review identified fifteen articles, including a combination of peer-reviewed articles; dissertations or theses; and organizational reports. Many organizations identified the lack of financial resources as the chief capacity problem. Consequently, inadequate funding negatively affected all other aspects of organizational capacity. Daily operations were the focus for organizations rather than planning for the future. Low pay and unattractive benefits, geographic isolation, high workloads, no training, and minimal supervisory support led to recruitment and retention issues. Extraordinary stress of leading rural nonprofits resulted in top managers and leaders resigning. Access to programs proved to be a major struggle for clients. Regular evaluation was not taking place.

Struggles with communication negatively impacted stakeholder relationships. Adequate technology was not present in rural nonprofits. **Conclusions:** A major part of the support system in rural areas is nonprofits. Shedding light on the struggles of rural nonprofits will help capacity builders, researchers, and policymakers to better assist these organizations with education, funding, and other resources. With only 15 articles identified, more research is needed to understand if rural nonprofits have what they need to help their clients and communities address and solve the challenges at hand.

Introduction

Approximately 60 million individuals – slightly over 19 percent of the United States (U.S.) population – reside in rural areas (United States Census Bureau, 2016). While the physical landscape of rural America is diverse – rolling fields of corn, bountiful mountain ranges, or stark deserts – the social image of rural America that emerges is often idyllic, and the portrait of small-town living is romanticized (Shucksmith, 2018). Rural dwellers are thought to have a “sense of community, connection to the land, intimacy among community residents, orientation towards self-sufficiency, an ability to develop natural helping networks, an ability to develop helping networks, and an abundance of personal space” (Scales, Streeter, & Cooper, 2013, p. 13). Indeed, rural communities have many assets. However, moving well into the twenty-first century, these areas are experiencing unprecedented challenges, such as inadequate financial and human resources, health disparities, and crime (e.g., Dawson, 2017; North Carolina Rural Health Research Program, 2017; United States Department of Agriculture [USDA], 2017). When government entities are disinclined to help and family and friends are ill-equipped, nonprofit organizations can step in to assist rural residents with their problems, and in turn, improve communities (Berman, 2002; Renz, 2010). What is unknown is if rural nonprofits have the means to address these complex issues effectively.

Utilizing a scoping review approach, the present study examines the current state of empirical knowledge regarding the organizational capacity of rural nonprofits located in the U.S.

which has not been considered in previous research. The evidence revealed in the scoping review serves as a foundation to identify and analyze strengths and challenges in rural nonprofits as well as determine future research, education, and policy needs for these organizations.

More broadly, this study contributes to U.S. rural literature, which is lacking. Thomas, Lowe, Fulkerson, & Smith (2011) surmise that place-based identity is considered less often by scholars because a cultural hierarchy exists where rural areas are undervalued and the belief that the distinctions between rural, urban, and suburban life are unimportant as part of identity. Rural, urban, and suburban areas differ in many ways – socially, politically, and geographically (Parker, Horowitz, Brown, Fry, Cohn, & Igielnik, 2018). Thus, acknowledging place-based identity is essential when conducting research to inform policy and practice. Factors associated with place help to create a context that influences people, groups, and communities – a principle synonymous with conceptual frameworks like systems theory, ecological perspective, and person-in-environment, all of which guide social work practice and other human-service oriented professions (Zastrow, Kirst-Ashman, & Hessenauer, 2019).

Relevance to human service organizations

In 2016, there were about 57,700 registered nonprofits in non-metro areas of the U.S. (Guidestar by Candid, 2016; USDA Economic Research Service [ERS], 2018). Of those organizations, nearly 22,000 of them (about 38%) fall under the broad category of Human Services in the National Taxonomy of Exempt Entities (NTEE) system (Urban Institute, 2019a) and further broken down into eight major groups (categorized by letters I to P) under the broad category including (I) crime and legal related; (J) employment; (K) food, agriculture, and

nutrition; (L) housing and shelter; (M) public safety, disaster preparedness, and response; (N) recreation and sports; (O) youth development; and (P) human services (Urban Institute, 2019b). This broad category of Human Services is the largest among the ten categories, and thus, nonprofits existing in rural areas of the U.S. have a great likelihood of assisting people in some way. Findings in this study are relevant to rural human service organizations for a few reasons. First, funders interested in improving quality of life in rural communities through the missions of organizations can make informed decisions about investments related to enhancing the infrastructure and operations of rural nonprofits. Further, rural nonprofits and their funders may seek assistance of capacity builders, and empirical knowledge will help capacity builders to provide more targeted solutions.

Background

Hardship in rural America

The economic struggles brought on by the Great Recession, which commenced in 2007 and persisted nearly a year and half, continue to negatively impact rural America. Gains in rural employment have lagged far behind the millions of jobs added in urban areas following the Great Recession (USDA, 2017). A significant decline in agriculture, mining, oil, and manufacturing – key industries in rural areas – without the induction of new commerce have contributed to a less-than-stellar comeback (Goetz, Partridge, & Stephens, 2017). As a result, poverty remains extensive in rural America. Compared to 13.6 percent in urban areas, nearly 17 percent of rural residents are impoverished (USDA, 2018). More alarming are the geographic concentrations of poverty over the long-term: more than 85 percent of the persistently poor counties are rural –

meaning that 20 percent or more of residents were impoverished during the past four census survey cycles – and the majority of those counties (84 percent) are in the Southern region (USDA, 2018).

Economic disparities, among other issues, have led to several social problems plaguing rural areas. Despite the misconception that rural areas are safer and less prone to crime, statistics show that rural areas rival urban areas in some property crimes (e.g., household burglary) and violent crimes (e.g., aggravated assault) (Dawson, 2017). Intimate partner violence and sex crimes are prevalent and yet under reported in rural areas due to lack of anonymity among other reasons (Braithwaite, 2014; Lewis, 2003; Peek-Asa et al., 2011; Rural Health Information Hub, 2017b). Compared to major urban areas, children in rural areas are almost twice as likely to be physically, sexually, or emotionally abused and more than twice as likely to be physically or emotionally neglected (Administration for Children and Families, 2010).

The physical and mental health of rural Americans are much worse compared to their non-rural counterparts. Obesity and chronic illnesses are considerably higher in rural areas (Befort, Nazir, & Perri, 2012). Nearly 19 percent of rural residents have at least one mental illness (Rural Health Information Hub, 2017a). For the past two decades, rural locations had more deaths by suicide than urban locations, and the suicide rate of young people who are 10 to 24 years old is nearly double (Dawson, 2017; Ivey-Stephenson, Crosby, Jack, Haileyesus, & Kresnow-Sedacca, 2017). In addition to being uninsured at a higher rate, rural Americans also have less access to primary care physicians and mental health providers (Health Resources and Services Administration, 2017; North Carolina Rural Health Research Program, 2017; Rural

Health Information Hub, 2017a). Consequently, the all-cause mortality rate for individuals residing in rural areas is higher than in urban areas (North Carolina Rural Health Research Program, 2017).

The rural education system is also not without challenges. Students who are racial or ethnic minorities or live in poverty have lower test scores and are less likely to graduate in rural areas compared to students in urban schools (Showalter, Klein, Johnson, & Hartman, 2017). College readiness of rural students is also a concern. Only 28 percent of rural students took an advanced placement course and less than half took the ACT or SAT college entrance exam (Showalter et al., 2017). On the other end of the education spectrum, rural areas often lack high-quality childcare and preschools, which not only adversely influences childhood development, but also negatively impacts the economic stability of caregivers who need to work (Malik, Hamm, Adamu, & Morrissey, 2016).

Government support in rural America

The previous section provides a glimpse into the most pressing challenges faced by rural residents of the U.S. and demonstrates that these areas, like their urban and suburban counterparts, also need attention. Meanwhile, the voice of rural Americans is growing louder and more powerful. In the 2016 election, rural voters, who identify strongly as Republican, helped elect President Donald Trump, as he made rural development and growth a major part of his platform (Goetz et al., 2017). Compared to 35 percent in urban areas and 50 percent in suburban areas, 62 percent of rural voters chose President Trump (Kurtzleben, 2016). In the Fiscal Year 2018 (FY18) federal budget, President Trump followed through on some promises by proposing

increased funds to improve infrastructure in rural communities, such as improving high-speed internet access, as well as the response to the opioid epidemic (Office of Management & Budget, 2017). Despite these promises made by him as a candidate, in both the FY18 budget and the proposed FY19 budget, President Trump recommended Congress make substantial cuts to human services, education, and agriculture programs that impact rural communities (Office of Management & Budget, 2018; Schultheis, 2018; Stabenow, 2017). While Congress declined most of the reductions to key services in rural areas in FY18, some programs that address major social problems sustained losses, including the Supplemental Nutritional Assistance Program that ensures low-income individuals and families have food (National League of Cities, 2018).

Nonprofits in rural America

Nonprofits play a pivotal role in addressing challenging societal problems and improving the quality of life for all (Berman, 2002). A nonprofit is an organization that operates for the benefit of society and does not generate profit for individuals who govern it (Hopkins, 2015). More than 1.2 million nonprofits exist in the U.S., adding nearly \$940 billion to the economy (National Council of Nonprofits, 2017). Because of the numerous definitions of rurality, the number of registered nonprofits in rural areas varies (the figures above utilize the USDA ERS definition of rural/nonmetro). One report suggests that urban areas have three times as many nonprofits as rural areas (Neuhoff & Dunckelman, 2011).

The nonprofit sector fills gaps that are not handled by the business and government sectors. The impact of nonprofits “is so far-reaching – touching on every aspect of our lives and every level of institutions” (Renz, 2010, p. 4). Many times, nonprofits accomplish their

respective missions with creative approaches through service, advocacy, expression, community building, and promotion of public good (Salamon, 2014). Collaborative efforts spearheaded by nonprofits and their leaders have led to societal progress and systems change in areas like poverty, education, and disease prevention and eradication (Walker, 2017). Because there are fewer of them, rural organizations, especially those with human services' missions, are tasked with addressing a multitude of issues in their communities – from substance abuse and employment training to child maltreatment and mental health issues; in other words, they might function as one-stop-shops (Rural Health Information Hub, n.d.; Scales et al., 2013).

Rural nonprofits face obstacles in their efforts to better society. During the Great Recession, nonprofits experienced major financial losses, as funding sources decreased significantly or even dried up while there was an increased need for assistance from the public (Lin & Wang, 2015). One study found that rural organizations were experiencing the most fiscal stress (Lin & Wang, 2015) and continue to struggle to secure contracts, grants, and donations. Between 2005 and 2010, rural areas were awarded less than six percent of federal domestic grant funding (Arneal, 2015). Compared to urban donors, rural donors give at a lower rate and at lower overall amounts (Center on Philanthropy, 2010). Further, the Rural Philanthropic Analysis project suggests that only seven percent of donor dollars are designated to rural areas (Campbell University, 2018). Despite the emergence and growth of social enterprise in the nonprofit sector as a way to diversify funding portfolios (e.g., Stecker, 2014), little empirical knowledge is available about this financial avenue in rural organizations. With increased competition, economic disparities present and less available resources, rural nonprofits are surviving at a rate

lower than their urban counterparts (Walker & McCarthy, 2010). Further, fewer financial resources leads rural nonprofits to struggle with insufficient staffing (both in quantity and quality) because of low salaries and lack of advancement opportunities (Mackie & Lips, 2010).

Exacerbated by financial disparities, geographic isolation is problematic for some rural nonprofits. On average, rural nonprofits are charged with serving over 49 square miles, compared to half of a square mile of urban organizations and about five square miles of suburban organizations (Fanburg, 2011). Accordingly, in rural agencies, either employees must travel to the clients, requiring company vehicles, gas, and maintenance which are large expenses, or clients must come to the organizations – sometimes from far distances. With the latter, clients may not have reliable transportation, money for gas, or the extra time to drive to access services (Allard & Cigna, 2008; Snavelly & Tracy, 2000). Geographic isolation also contributes to many other problems with providers such as difficulty connecting with peer professionals, minimal access to training and capacity building opportunities, and fewer service providers leading to higher caseloads, increased job stress, and ultimately burnout (National Advisory Committee on Rural Health and Human Services, 2016). Many of these issues might be addressed by technology and quality internet (Lohmann & Lohmann, 2005), but 45 percent of rural areas still do not have access to broadband internet (Bailey, 2017).

Social barriers may also present. In some rural communities, residents might be wary of receiving assistance from providers, which may be due to the notion of rugged individualism – opposition to relying upon the state for aid (Bazzi, Fiszbein, & Gebresilasse, 2017). When they do need help, they turn to their family members or friends. Since there are fewer agencies and

practitioners in rural areas, these ideals have turned into productive coping mechanisms.

However, for nonprofits that are present, rendering services to communities who reject their purpose can be difficult (Scales et al., 2013).

In recent years, cross-sector collaboratives have emerged as mechanisms to meet the needs of rural communities – nonprofits, businesses, and government-funded entities (e.g., schools) come together to address the intricate problems facing their areas (Biddle, Mette, & Mercado, 2018). When trust is established, these partnerships can produce effective solutions for rural populations, but locals (i.e., residents inhabiting the rural community) might be wary of outsiders imposing their agendas (Biddle, Mette & Mercado, 2018; Snavely & Tracy, 2000).

Nonprofit framework and organizational capacity

Parts of a nonprofit

To understand organizational capacity, it is first necessary to understand the integral parts of a nonprofit. De Vita and Fleming (2001) provided a framework that illustrates five, interconnected parts of an organization including vision and mission; leadership; resources; outreach; and products and services. Vision and mission relate to the reasons an organization exists, the cause being addressed, and the goals they set out to accomplish. Leadership refers to staff and volunteers who, through their own actions or empowerment, motivate others in the organization to strive to achieve the mission and realize the vision. Executive directors and Board of Directors are traditionally seen as the core leaders in nonprofits, but staff and volunteers in other roles can be the driving force in executing programs and services. Resources can be many things: financial, human, physical, and technological are a few examples. For

example, grants and donations allow organizations to hire and retain staff, purchase computers to conduct business, and pay for space to operate. Outreach is external communication with outside stakeholders such as service users, donors, peers, and agencies. One instance of outreach is connecting with stakeholders on social media platforms such as Facebook or Twitter. Products and services denote what is being provided by an organization (e.g., housing assistance; De Vita & Fleming, 2001).

Organizational capacity elements

The word “capacity” means “the facility or power to produce, perform, or deploy” or capability (Merriam-Webster, n.d.). As demonstrated in nonprofit literature, organizational capacity is complex, multidimensional, and hard to define precisely because the needs of every organization to function and be successful are different (Andersson, Faulk, & Stewart, 2016). Light suggests that organizational “capacity encompasses virtually everything an organization uses to achieve its mission, from desks and chairs to programs and people” (Light, 2004). Connecting to the nonprofit framework (Devita & Fleming, 2001), each part of an organization has or lacks the capacity to contribute to the organization as a whole. Within organizations, the parts (e.g., leadership) that need attention may differ, but when one part suffers, other parts feel strain (De Vita & Fleming, 2001).

Many nonprofits are struggling with shortfalls related to capacity, often leading to inability to meet the needs of stakeholders (Despard, 2016) resulting in nonprofits being uncompetitive for grants (Karsh & Fox, 2014). Moreover, publicized incidents of financial mismanagement, ethical violations, inadequate reporting, and an inability to show or disregard

measurable outcomes have led to reduced trust in the nonprofit sector (Gauss, 2015). Though nonprofits may combat societal challenges like poverty, crime, and health disparities, public and private investors (e.g., individual donors, government) have been left questioning whether nonprofits have the capacity to utilize funds effectively to meet the needs of the populations they serve (De Vita & Fleming, 2001; Minzner, Klerman, Markovitz, & Fink, 2014). As most nonprofits require donor support to survive, addressing concerns about organizational capacity issues is critical.

To inform assessment, building, and maintenance of capacity, models have been constructed to conceptualize and operationalize organizational capacity factors. Three models are described here. A recent study by Brown, Andersson, and Jo (2016) describes and tests “the nonprofit value framework to organize capacity elements into resource attributes and management functions” (p. 2908). Resources are described as four types of capital including human, financial, physical, and social. Management functions – defined as human relations, open systems, internal processes, and programs and services – are presented within a quadrant of internal and external orientations and flexible and control structures (Brown et al., 2016). For example, fundraising is categorized as an external, flexible structure. The nonprofit value framework posits that through the coexistence and collaboration of resources – tangible and intangible – and management processes, organizations can achieve optimal performance (Brown et al., 2016). Minzner et al. (2014) describes within the capacity building logic model of the Compassion Capital Fund (CCF), which was a federally funded program, the elements of capacity that intermediaries focused on to provide training and technical assistance to nonprofits.

Elements included organizational development (strategic planning, management and administration, and financial management); program development; resource development; community engagement; and leadership development (Minzner et al., 2014). Similarly, after review of early capacity literature, Andersson et al. (2016) determined that these categories encompassed the multidimensionality of organizational capacity: “organizational mission and vision; strategy and planning; program design and evaluation; human resources; board and management leadership; information and technology; financial systems and management; fund development; and marketing and communications” (p. 2865).

Capacity building

Capacity building initiatives set out to improve deficient parts of nonprofits to increase performance and subsequently, organizational effectiveness (Sobeck & Agius, 2007). Capacity building involves activities like one-on-one or group trainings, consultation, and technical assistance and could be facilitated by a host of providers: academic institutions, federations (e.g., United Way), government offices, nonprofit intermediaries, and foundations (Backer, Bleeg & Groves, 2004). Sometimes, organizations that provide services to enhance capacity in other nonprofits are called nonprofit management support organizations (MSOs) (Connor, Kadel-Taras, & Vinokur-Kaplan, 1999). For instance, an organization may be struggling to determine program goals aligned with the mission and vision, and thus, the process of strategic planning – the formal process of setting goals, objectives, and timelines – may be guided by an MSO. The success of capacity building necessitates organizations on the receiving end of assistance have some existing competencies and internal structures (i.e., the basic elements of a nonprofit) on

which to build; openness to addressing complications and incorporating solutions at all levels of the organization; and a willingness to invest in the change process for the long term (Struyk, Damon & Haddaway, 2010).

Little research is available about organizational capacity of nonprofits located in rural areas of the U.S. Because rural nonprofits are often much smaller than their urban counterparts (Neuhoff & Dunckelman, 2011), applying findings – though also limited – related to capacity challenges in small nonprofits might be useful to provide some perspective. Kim & Peng (2017) note that the overwhelming majority (80%) of registered nonprofits have budgets of less than \$1 million and struggle with capacity issues related to various areas (i.e., human resources). Though small nonprofits have a need for capacity building, many cannot afford to participate – sparing the money or time is not an option (Kapucu, Healy, & Arslan, 2011). However, limited financial resources is often a motivator for small nonprofits to participate in capacity building activities in hopes of improving organizational factors that might generate more funds (Kapucu et al., 2011). While some are ready for training, organizations may not be prepared to make changes based on the newly obtained knowledge and skills. They may not have the time, funds, or staff to implement the strategies provided by capacity building facilitators (Kapucu et al., 2011). Or, organizations may not be prepared to make a shift in their culture, climate, and values that capacity building often requires (Sobeck & Aguis, 2007). On the facilitator side of capacity building, entities that provide training and assistance to nonprofits to improve their infrastructure regularly conduct assessments to understand problems within agencies (e.g., Kapucu et al., 2011). However, contextual factors, like size or geography of nonprofits, are not often

considered in generating solutions because they turn to best practices which have mostly emerged from larger nonprofits and for-profit entities (Andersson et al., 2016). Assumptions that all nonprofits require the same elements of capacity to be effective in meeting their missions are misguided (Kapucu et al., 2011).

Purpose of the Current Review

Rural nonprofits are important players in addressing economic, social, and health problems and improving the quality of life for residents. Thus, it is crucial that rural nonprofits have the organizational capacity to accomplish their missions. However, little knowledge is available about rural nonprofits' organizational capacity because contextual factors, like geography, are not often considered when examining organizational capacity. Therefore, the purpose of this scoping review is to uncover the state of empirical knowledge related to organizational capacity of rural nonprofits in the U.S. in the twenty-first century.

Because rural areas are struggling with specific challenges related to their location, values, and culture, the gaps in empirical knowledge may lead facilitators of capacity-building activities like nonprofit MSOs to make incorrect assumptions about how to best help rural nonprofits. The findings of this scoping review will allow researchers, educators, and practitioners of the nonprofit sector to be informed about organizational capacity in rural nonprofits and to assist them in a more efficacious manner. Ultimately, the end goal is that rural communities will be healthier and safer as a result of the work of rural nonprofits.

Methods

A scoping review was conducted in May and June 2018 to characterize the state of knowledge regarding the organizational capacity of nonprofits in rural areas of the U.S. Colquhoun et al. (2014) defines a scoping review as a “form of knowledge synthesis that addresses an exploratory research question aimed at mapping key concepts, types of evidence, and gaps in research related to a defined area or field by systematically searching, selecting, and synthesizing existing knowledge” (p. 1294). Scoping reviews share many of the same standards and processes as traditional systematic literature reviews, but systematic reviews are designed to answer specific, rigid research questions with the goal of uncovering precise evidence and informing decision making (Munn et al., 2018). By comparison, a scoping review aims to address broader research questions and objectives with the purpose of identifying, mapping, and discussing concepts (Munn et al., 2018). The current study is foundational and exploratory as no previous systematic reviews of literature exist related to the topic at hand (to the knowledge of the author), and thus a scoping review provides a starting point to identify potential research and policy needs moving forward. Prior to initiating the search process, the author reviewed organizational capacity literature and conferred with the University librarian regarding the appropriate procedures for scoping reviews and choosing the most optimal search terms, inclusion and exclusion criteria, and databases based on the goals of the study.

The framework from Andersson et al. (2016), which outlined the broad concepts of organizational capacity of nonprofits, was used to generate the search categories. This framework was chosen for a few reasons. First, the capacity concepts map well onto the parts of

the organization as defined by De Vita and Fleming (2001) with each part being considered. Additionally, the Andersson et al. (2016) framework, as they note in their study, was a synthesis of the most commonly used elements in capacity and capacity building research and interventions. Table 1 in Appendix A1 outlines the search topics, terms, and definitions for the study.

Articles that met inclusion criteria examined at least one topic related to organizational capacity of nonprofits located in rural areas of the U.S.; were empirical (employed quantitative, qualitative, or mixed-methods study design); and collected and/or utilized data from January 2008 to May 2018. Studies that examined nonprofits of any type (e.g., human services, arts, animal) were included in the study. Though they play an important role in well-being of rural communities (Lohmann & Lohmann, 2005), studies examining rural governmental agencies (e.g., health departments) were beyond the scope of this review and excluded as their operational standards are mandated by local, state, and federal officials. The restricted date range was chosen because modern-day information is needed to inform research and practice due to rapidly changing technology and social and political conditions. Articles were excluded if they were strictly theoretical or conceptual or presented in a language other than English, given the author's inability to effectively translate non-English articles.

In the first step of the search process, peer-reviewed or grey literature, including dissertations and governmental and nongovernmental technical and progress reports, were sought out in Academic Search Complete, Web of Science, Scopus, Social Services Abstracts, Social Work Abstracts, and ProQuest Dissertation and Theses Global using Boolean logic and data

criterion between January 2008 and May 2018. These databases were chosen on the recommendation of the University librarian to certify an exhaustive search for the type of literature being sought. Academic Search Complete (Ebsco, n.d.a.), Scopus (Elsevier, 2019), and Web of Science (Clarivate, n.d.) are three of the most comprehensive, multidisciplinary indexing services that provide access to thousands of periodicals. Social Services Abstracts (Proquest, n.d.a.) and Social Work Abstracts (Ebsco, n.d.b.) were added to capture social work-, human services-, and sociology-related articles. Proquest Dissertation and Theses Global (Proquest, n.d.b.) is known to be the largest repository of dissertations and theses in the world. These databases returned 11,081 articles which were imported into EndNote 8 for distillation.

As a second step, additional websites that are prominent in the nonprofit sector or rural research were selected based on the practice knowledge of the author and suggested websites provided by Rural Health Information Hub, a government resource for rural matters. Table 2 found in Appendix A1 provides a list of the websites and search procedures. The search of the websites yielded four additional studies. The final step was to scour references of included articles to ensure a thorough search, though no additional studies were found.

From the 11,081 articles found in the databases, 8,370 articles were removed as duplicates. The titles and abstracts of 2,711 articles were reviewed: Articles were eliminated if they were outdated, unrelated to topics of interest, conceptual or theoretical, or written in non-English language, which resulted in 40 articles for full review. With the addition of four articles from the website review, 44 full-text articles were reviewed. As a result of this intensive screening, eight were removed as further description of data indicated they were not from the last

decade; four were strictly theoretical; and 17 were not topical. Thus, twelve studies from the database search and three studies from the website search met all inclusion criteria. Figure 1 found in Appendix B1 illustrates the process and results of the search and distillation.

Findings

In total, fifteen articles were included as part of the present study. Table 3 found in Appendix A1 provides names of authors; publication year; type of article; geographic setting; missions of nonprofit; study purpose; study design and sample information; analytic methods; and key findings related to rural nonprofit organizational capacity. There was a mix of peer-reviewed articles; dissertations or theses; and reports available on organizations' websites. The geographic settings for the fifteen articles varied considerably: four examined organizations across the U.S.; seven selected one or a few states; one concentrated on the southern region; and one was unidentified. Nonprofit organizational settings were related to substance abuse treatment; healthcare; arts oriented; business and economic; animal services; and other human services.

The study designs of all articles can be categorized as non-experimental with cross-sectional time frames. Two studies were quantitative; six were qualitative; and seven were mixed methods. One used random sampling; another used random sampling and purposive sampling; and the remaining 13 used purposive sampling. Sample sizes ranged from one organization to 343,851, with eight studies having a sample under 30.

Summary of salient findings related to organizational capacity of rural nonprofits

In this section, a summary of salient findings regarding organizational capacity of rural nonprofits is provided by topic. Figure 2 in Appendix B1 illustrates the organizational capacity topics within the 15 included articles.

Resource development, financial health, and financial systems

Every study except one (Sweet, 2013) conveyed difficulties with finances and resource development. Studies found that insufficient funding impacted organizations' missions, strategic planning, program design, service provision, staffing and leadership, human resources, communications, and technology. Rural nonprofits had smaller budgets compared to urban nonprofits (Neuhoff & Dunckelman, 2011; Newstead & Wu, 2009). Fundraising presented a major challenge as organizations noted that they were short-staffed and did not have adequate training in fundraising (Anderson, 2017; Seale, 2010). In one study, some organizations shared that they did not have annual fundraising strategies nor clear fundraising assignments (Sanders, 2014). Knudson (2016) notes that the organization of inquiry had recently adopted a resource development plan to address financial inadequacies. One study included organizations that were utilizing social entrepreneurship as a source of funding (Lee, 2011). In most studies, however, the topics of fund development planning and revenue stream diversification, such as social entrepreneurship, were not discussed or referred to minimally. Nonetheless, four studies shared the organizations' staff and volunteers were very inventive with the limited amount of available resources (Anderson, 2017; Lee, 2011; Office of Rural Health Policy, 2011; Skinner, Franz, & Kelleher, 2018). To address some of the financial challenges, rural nonprofits were building

networks, creating partnerships, and collaborating with other organizations to share resources (Lee, 2011; Newstead & Wu, 2009; Office of Rural Health Policy, 2011; Skinner et al., 2018).

Accessing information about funding opportunities and receiving grant awards from federal, state, and local sources were also very difficult for rural organizations, though they are trying (Anderson, 2017; Lee, 2011; Neuhoff & Dunckelman, 2011; Seale, 2010; Tighe, 2013). Knowledge and time were identified as factors that impacted one organization's ability to find and respond to request for proposals (Anderson, 2017). Newstead & Wu (2009) indicated that rural nonprofits are applying for grants, and those who were successful were very strategic in funding opportunities that they pursued (i.e., only those opportunities that met their missions). Organizations who were receiving grant funding noted that government cuts impacted their financial health and ability to fulfill their missions (Lee, 2011; Tighe, 2013), while one nonprofit shared that they were too reliant on grants (Knudsen, 2016).

Mixed results were found with other financial health indicators. In comparison with urban nonprofits, rural organizations in one study were operating in the black with reserves available, and overall, they are dying off at slower rate (Neuhoff & Dunckelman, 2011). Audi, Kates, Capen, & Polito (2016) also found that rural nonprofits in their study had more cash on-hand than for-profit peers. Related to reserves, other studies found that rural nonprofits did not have backup emergency funds (Knudsen, 2016; Seale, 2010) and had smaller operating margins (Audi et al., 2016). Few findings were shared in the articles about financial systems and accountability related to planning, budgeting, policies, or procedures. Only one study suggested

that board members were confident in their ability to monitor the financial status of the organization and that they monitored financials on a regular basis (Sanders, 2014).

Strategic planning, mission, and vision

None of the studies specifically addressed organizations' strategic planning process or their capacity to conduct it. Sanders (2014) found that board members felt confident about understanding the strategic vision and needs of the organizations they served. Organizations in four studies were open to changes to meet the needs of the community and utilized creative problem-solving approaches (Knudsen, 2016; Lee, 211; Neuhoff & Dunckelman, 2011; Office of Rural Health Policy, 2011). Three studies minimally discussed that organizations were unable to be attentive to future endeavors and deliberate about preparation for impact and growth because they were focused on immediate needs – filling fundraising gaps, keeping the doors open, and providing essential services (Anderson, 2017; Knudsen, 2016; Lee, 2011). The geographical settings and the natural resources around the organizations in two studies contributed positively to mission and services offered to the community (Knudsen, 2016; Lee, 2011).

Human resources and legal affairs

Finding and keeping qualified staff as well as volunteers who had the necessary education and skillsets to provide services and management were major barriers to accomplishing goals, positive outcomes, and growing organizations in some cases (Anderson, 2017; Edmond, Aletraris, & Roman, 2015; Neuhoff & Dunckelman, 2011). Three studies indicated that staff were not receiving adequate and consistent training due to funding (Neuhoff & Dunckelman, 2011; Tighe, 2013) or the leader's lack of willingness to budget for it (Sweet,

2013). However, Knudson (2016) shared that the executive director of the organization studied had recently attended leadership and management training. No specific findings were available about rural nonprofits' ability to conduct human resources processes internally such as onboarding of new staff, staff performance evaluations, and benefits analysis. Also, little to nothing was shared about the volunteer management practices in rural nonprofits. Minimal findings were offered about nonprofits' knowledge and ability to handle legal affairs: Sanders (2014) and Knudson (2016) shared that there were a few policies that were undeveloped but needed. One study found that board members in the organization of interest were confident in adhering to nonprofit regulations (Sanders, 2014).

Leadership and staffing

In the Office of Rural Health Policy (2011) study examining innovative behavioral health providers, several organizations were found to have committed employees. The same study also shared an example of when strong leadership exists growth can occur – one organization had operations in seven states. Considering job satisfaction and organizational commitment, Sweet (2013) indicates that employees in one rural nonprofit were highly committed and satisfied with their jobs, having strong desires to give back to their community. Nonetheless, staffing and leadership challenges were abundant in the included studies. Because these organizations often struggled to recruit and retain competent professionals, organizations were understaffed. Sometimes, not having enough providers meant turning away potential and existing clients who required services (Anderson, 2017; Tighe, 2013). More often, existing employees were taking on additional responsibilities and carrying heavier workloads (Neuhoff & Dunckelman, 2011; Seale,

2010; Skinner et al., 2018; Tighe, 2013). The stress of inadequate resources – financial and human – led to turnover in executive positions, which created additional challenges (Knudsen, 2016; Lee, 2011).

Programming

Even with limited resources, many organizations within the included studies were offering innovative programming and meeting a variety of needs in communities (Lee, 2011; Neuhoﬀ & Dunckelman, 2011; Newstead & Wu, 2009; Office of Rural Health Policy, 2011; Seale, 2010; Skinner et al., 2018). The Office of Rural Health Policy (2011) study provides examples of organizations engaging in promising practices; for example, one organization was utilizing peers – those who had experience similar challenges – to address behavioral health issues due to limited access to qualiﬁed providers. With less available funding and smaller budgets impacting staffing and training among other aspects, the quantity and quality of programming suffered in some organizations (Edmond et al., 2015; Neuhoﬀ & Dunckelman, 2011; Seale, 2010). Additionally, traveling longer distances to access or deliver services was necessary, and the ﬁnancial burden fell on either clients or organizations to pay for gas and reliable transportation since public transportation is not an option (Anderson, 2017; Neuhoﬀ & Dunckelman, 2011). The concept of individualism surfaced in Anderson’s study (2017), ﬁnding that residents were hesitant about accepting help. Related to evaluation, a few studies found organizations were utilizing data to understand and maximize their impact (Knudson, 2016; Lee, 2011; Sanders, 2014). In some organizations though, while staff wanted to participate in collecting and analyzing data, excessive workloads, minimal time, and knowledge were barriers

(Knudsen, 2016; Office of Rural Health Policy, 2011). Lack of funding also prohibited organizations from contracting with an outside entity to conduct evaluation (Office of Rural Health Policy, 2011).

Communication – Internal & External

Internal communication concerns the dialogue between and among staff and administration within an organization, which was singularly addressed by Sweet (2013). The participants of Sweet's study shared that they were unhappy with the communication from organizational leaders. While not specifically addressing communication processes, the Office of Rural Health Policy (2011) study found collaboration among staff in some organizations promoted successful programs.

Several studies noted that many organizations participated—and for a few, relied heavily on—collaboration and communication with other nonprofits, funders, governments, and elected officials (Knudsen, 2016; Lee, 2011; Neuhoff & Dunkelman, 2011; Office of Rural Health Policy, 2011; Seale, 2010; Skinner et al., 2018). For some rural nonprofits, engagement with clients and supporters is also strength, and they are well-known (Lee, 2011; Office of Rural Health Policy, 2011; Seale, 2010). Bartow (2017) indicated that all of the organizations in their study were utilizing Facebook in some way to help their causes. Yet, some organizations were struggling to connect with stakeholders as much as they desired (Bartow, 2017; Lee, 2011; Sanders, 2014; Seale, 2010; Tighe, 2013).

Technology

Only one study discussed technology capacity issues in rural nonprofits (Gellar, Abramson, & Leon, 2010). This study found that 77% of rural organizations felt their technology set up was sophisticated to moderately sophisticated (Gellar et al., 2010). Their study also found that just over a third of the rural organizations had access to high-speed, broadband internet. Additionally, Gellar et al. (2010) indicated that IT staffing, training, and networking were deficient. While many rural nonprofits are struggling with IT challenges, the Office of Rural Health Policy (2011) study mentioned that some organizations are harnessing technology to provide innovative programs such as telehealth services to reach clients who are unable to travel.

Limitations of included studies

All studies had a limited focus on organizational type or capacity issues examined. Specific to quantitative studies, one study focused on a singular region of the country with no non-rural comparisons, while the second study was limited by self-reported data. Another limitation overall is that there are only two quantitative studies, both focused on healthcare-type settings. Qualitative and mixed-methods studies had a few limitations in common: small sample restricted to one area or state and narrow perspective as one or few members of an organization were interviewed. In qualitative studies, respondents may have not felt compelled to share or be honest due to lack of anonymity. Specific to the mixed methods studies, there was a lack of inferential analyses.

Discussion

This scoping review characterizes the state of knowledge regarding organizational capacity of rural nonprofits in the U.S within the past ten years. Fifteen articles met inclusion criteria. These studies identified an array of challenges for rural nonprofits, as well as some strengths and assets.

Resource development, financial health, and financial systems

Many of the problems confronted by rural nonprofits stem from inadequate financial resources. Financial planning (i.e., developing fundraising or fund development plans) and diversifying revenue streams are critically important – although very complex – in the survival of nonprofits especially in the wake of government funding cuts (Lu, Lin, & Wang, 2019). In the studies included, it was mostly unclear if organizations were developing fundraising plans or considered diversifying their sources of revenue. As many of the organizations were understaffed, it is likely that they may not have a designated person for fundraising (i.e., director of development) so the executive director, board members, and volunteers – who have limited time and other responsibilities – must take on the task. Also concerning is the minimal training and professional development related to fundraising. Thus, agency representatives may not know when to ask, how to ask, or may not be asking for money and other resources at all. Fundraising is not a simple endeavor – it is “...a multi-disciplined process requiring extensive involvement of staff and volunteers in a series of interrelated steps.... that when properly managed leads to the successful alignment of all the ‘rights’...” (Tempel, Aldrich, Seiler, & Burlingame, 2015, p. 34). Though more investigation is needed to understand fundraising processes in rural nonprofits, the

absence of knowledge, planning, time, and dedicated fundraising staff might be a possible explanation as to why less than 10 percent of donor dollars are dedicated to rural areas (Campbell University, 2018).

Though they should not be the only source of income, grants are vital in creating a diversified fundraising strategy (Karsh & Fox, 2014). The lack of knowledge and staff identified in the studies could also offer insight into trends that rural areas receive fewer grants than urban areas (Arneal, 2015). While not identified in the included articles, another possible issue related to reduced awards in rural areas is that funders often require applicants to demonstrate organizational capacity in applications. Before investing, funders want to be assured that organizations have a solid infrastructure – for example, staffing, technology, policies, and procedures – to effectively carry out programming (Karsh & Fox, 2014). Rural organizations simply may not meet their standards. Nonetheless, foundations – particularly as they have more freedom in their priorities – have an important role to play in building capacity and investing in innovation to assist in solving complex societal problems (e.g., poverty, health disparities; Jaskyte, Amato, & Sperbrer, 2018). Funding innovation, and even early idea generation as Jaskyte et al. (2018) suggests, in rural nonprofits could lead to unprecedented changes; see Corpening, Morgan, Quashie, & Bryant (2018) as an example.

Considering the rural versus urban findings, some types of nonprofits have stable financial health despite the challenges they face. Rural nonprofit leaders may subscribe to fiscal conservatism as part of their political orientation. Therefore, if money is unavailable, going into debt to add or provide services is not an option for some rural organizations. While this

philosophy might allow organizations to stay afloat, the needs of communities may go unmet if no other solutions are available. Nonetheless, many of the organizations in the included studies were identified as resourceful and innovative when trying to help their rural constituencies. As the Office of Rural Health Policy (2011) study points out, promising practices are emerging from rural organizations and attention should be paid to their work.

Strategic planning, mission, and vision

The process of strategic planning allows organizations to formally establish and make a pledge about the direction of mission and vision through goals, objectives, and strategies (Allison & Kaye, 2015). Some organization representatives discussed their immediate focus on providing services rather than planning for the future. In places where fewer services are available to address limited basic human needs (i.e., food, water, health, safety), justifying time spent in meetings and writing plans might be difficult and construed as wasteful. Overall, there is not enough information from the studies included in this review to know if rural organizations are engaging in regular, quality strategic planning or have the knowledge to accomplish such a laborious task. If they are not conducting strategic planning, the stakeholders of the organizations – clients, staff, and community at-large – may suffer as successful nonprofits often attribute their positive outcomes to quality strategic plans (McNerney, Perri, Reid, & Brown, 2014). Results showed that some rural organizations are engaging in problem-solving and are open to change. Thus, it is possible that with proper training in strategic planning, these nonprofits could make bigger impacts in their communities while also having solid, sustainable futures.

Human resources and legal affairs

Recruitment and retention were noted as complicated for some rural nonprofits. This is, at least in part, a consequence of brain drain – young adults who are educated and productive are choosing to leave rural areas for suburban and urban areas where career and leisure options are plentiful (Carr, 2009). With less financial resources in rural areas, salaries, opportunities for advancement, and professional development may be lackluster compared to urban-based organizations (Aguiniga, Madden, Faulkner, & Salehin, 2012). Professionals, particularly those who invested money and time into a college education, desire to put their knowledge and skills to use in organizations who can invest back in them through fair compensation and training. Yet, those with talent and knowledge are sorely needed as nonprofit employees, board members, and volunteers in rural communities to address economic, social, and health disparities. In recent years, policy endeavors in some states (e.g., Kansas and Nebraska) have focused on creating opportunities and incentives for professionals to return or move to rural communities (Kumar, 2018). As many rural nonprofits rely upon knowledge and collaboration from peer organizations, learning from those who have lower turnover and highly committed employees (such as those found in Office of Rural Health Policy [2011] study) to seek out solutions for improved recruitment and retention might be beneficial.

With limited available funding, consistent training may not be occurring in rural nonprofits. Because change is incessant with best practices, technology, and knowledge, professional development for staff is essential to be effective and efficient in fulfilling organizational objectives (Pynes, 2013). In rural nonprofits, training may be even more

important as workers often have to be generalists, filling all kinds of roles, because there are fewer organizations and qualified staff (Humble, Lewis, Scott, & Herzog, 2013).

Capacity for handling legal issues was not discussed in the studies. Thus, based on this review, it is unknown if rural nonprofits understand the vast government regulations. Rural nonprofits impacted by geographic isolation and lack of financial resources may struggle with access to expertise and education regarding legal issues. Consequences of risk and noncompliance can result in financial and criminal penalties, loss of employees, damage to the reputation, or doors shuttering (Mintz, 2012). Legal issues, among other capacity components, are especially important to nonprofit operations, and supplementary knowledge is needed to identify and remedy problems.

Leadership and staffing

This review revealed that some employees of rural nonprofits feel overworked as a result of being understaff. Excessive workloads and role overload can lead to job dissatisfaction (Hermon & Chahla, 2018), burnout (Maslach, Schaufeli, & Leiter, 2001), and intention to leave employers (Yanchus, Periard, Moore, Carle, & Osatuke, 2015). These consequences were also found to be relevant with leaders of the organizations in the review's studies. Losing leaders, specifically highly effective ones, can result in major financial costs, loss of institutional knowledge and memory, and negative impacts to service provision and employee performance (Selden & Sowa, 2015). An unknown for rural nonprofits is if they are succession planning and preparing for departures – unexpected or expected.

Programming

Rural nonprofits desire to have a positive impact on their communities, and many are doing great work as evidenced in the present study and others (e.g., Baker-Tingey, Powell, & Powell, 2018; Gipson, Campbell, & Malcom, 2018; Mitchell, Nassel, & Thomas, 2015; Mott, Keller, & Funkenbusch, 2017). With limited financial and human resources, organizations are providing innovative programs to rural communities. Still, limited offerings and access to services were common challenges in rural nonprofits, which is consistent with earlier studies (Allard & Cigna, 2008; Snaveley & Tracy, 2000). In some areas, technology has helped with connecting individuals with necessary services, but as nonprofits are struggling with financial resources, purchasing technology may not be an option – not to mention the lack of training or staff available to implement and provide technical assistance (Chung-Do et al., 2012). Moreover, rural residents are also suffering from high levels of poverty; if they are unable to afford gas or transportation, access to technology and internet may also be problematic. Considering these programmatic barriers, some rural residents may not be accessing the services they need.

Despite stated desires to conduct and participate, evaluation of programming and performance measurement may also be deficient in rural nonprofits. Not conducting program evaluation is problematic for a number of reasons, but two in particular should be considered closely: 1) Funders expect nonprofits to be accountable and demonstrate results (Carman, 2008); this may be another reason that explains private and public funders reluctance to award grants to rural nonprofits; and 2) Evaluation helps determine program elements that are working and the effects on clients and communities (Karsh & Fox, 2014). If rural nonprofits are not evaluating

their programs, it is possible that they do not know if their programming is addressing the challenges that they set out to resolve.

Communications – internal & external

As only one study in the review formally observed internal communication between employees and management, further examination of communication practices and procedures may be justified since job satisfaction has often been tied to supervisory support and organizational environment (Acquavita, Pittman, Gibbons, & Castellanos-Brown, 2009). Because some rural nonprofits struggle to obtain qualified employees, it is essential for retention purposes that elements of job satisfaction be considered to cultivate and maintain organizational capacity – namely the human capital aspect.

External communications with funders, government entities, and community members were a strength for many rural nonprofits. These relationships led to creative answers to difficult challenges, resulting in innovative programs to meet the needs of their communities. Some of the organizations that were part of these studies might serve as models for practice in other rural areas. The question arises – how is this information best shared with rural practitioners and leaders? Yet, for some organizations, collaboration and communication with stakeholders and other organizations were also a challenge, and ideological differences and individualism may be contributing factors. In the same tone that community members are not trusting, engaging with, or supporting rural nonprofits, these same organizations are wary of potential outside partners. They are not trusting of stranger organizations' intentions. Identifying and cultivating potential partners also takes much time, effort, and funds that rural nonprofits often cannot afford to give

(Snavely & Tracy, 2000). However, funders often demand collaboration among nonprofits and development of cross-sector alliances to avoid duplication of services (Karsh & Fox, 2014; Shumate, Fu, & Cooper, 2018). Avoiding external communications altogether may result in diminished connections with residents, other agencies, and local government entities, leading to negative implications for resource development and service provision. To strengthen stakeholder relationships, more research is needed to understand the investments by rural nonprofits into internal and external communications, possibly with a focus on those organizations that have been identified as successful in this domain.

Technology

Consistent with the literature, Gellar et al.'s (2010) findings related to limited availability of high-speed internet for some rural nonprofits has major implications. Affordable broadband access is an important policy issue for rural residents and nonprofits as it encourages economic and social development and sustainability (Pant & Hambly Odame, 2017). Related to IT capacity, limited information is available about other technology issues that rural nonprofits may face and the technological solutions that they might not be aware of or using which might relieve other organizational problems. As shown in the Office of Rural Health Policy (2011) study and others, technology could be used to address key challenges in rural areas such as geographic isolation and access to services (e.g., telehealth projects).

Limitations of the current review

Limitations of this scoping review should be considered. The search and distillation processes were conducted by one researcher. Including additional reviewers may have resulted in

differences in article inclusion. Also, while thoroughly outlined, the grey literature search may have omitted studies as it was impossible to search the large universe of websites related to the nonprofit sector. Additionally, it is possible that some terms were omitted in the search strategy because the concept of organizational capacity encompasses many interconnected elements and is difficult to define. To address these limitations, the author worked with a university librarian with expertise in the subject content and methodology to ensure proper execution of the strategy proposed and capture relevant literature. It is also important to note that “rural” can be characterized in numerous ways – one periodical noted 15 active federal definitions of rural in 2013 (The Washington Post, 2013). The current study adopted an inclusive approach by including any article that identified organizations as “rural,” with no regard to the specific definition. Nonetheless, studies that may not have used the word “rural” specifically and identified organizations in “nonmetropolitan” areas – which is another descriptor of rural communities – may have been omitted from the current study. Future literature syntheses should include synonyms of “rural.” Another limitation of the study is the exclusion of literature utilizing data collected before January 2008. While relevant findings may exist in older studies, advancing the state of the literature requires timely data. Finally, the current study uncovered few studies (15) and included all types of nonprofits. Thus, it is necessary to be cautious in drawing conclusions and generalizing findings. Still, results from this scoping review serve as introduction into examining the capacity of rural organizations from which future research and discourse can build.

Implications

Research implications

Considering the economic struggles of many rural areas, it is not surprising that this review found several deficits and problems that stemmed from money – or lack thereof – such as inadequate staffing, training, and technology. With organizational capacity being a multifaceted concept with interconnected elements, it was predictable that studies did not conduct comprehensive organizational assessments. Yet, all areas of capacity should be examined to offer a full picture an organization's ability to accomplish their mission. It can be concluded from this review that, overall, not much is known *empirically* about the organizational capacity of rural nonprofits.

While the studies included in this review provide insight into some topics, numerous gaps exist in understanding organizational capacity of rural nonprofits. Related to financial health, there are several unknown factors about rural nonprofits: if and how often are they developing fundraising plans and are diversifying revenue streams; if they have specific fundraising staff; if fundraising training is being conducted for staff and volunteers; if staff or volunteers have grant proposal writing knowledge; how often grant proposals are being submitted and to whom; if they are engaging in social enterprises or market-based revenue generating activities; and if organizations have financial accountability and monitoring procedures. Other areas where knowledge is limited include rural nonprofits' knowledge of and engagement in strategic planning, succession planning, human resources processes, staff training, legal compliance and

monitoring, program evaluation, and internal and external communications processes with stakeholders.

The findings of this study imply the necessity of future research – both quantitative and qualitative – regarding rural nonprofits in the U.S. First, a more comprehensive study of organizational capacity and its various domains is needed to identify the strengths and challenges within the different categories of nonprofits (e.g., human services, arts, education) in rural areas. Upon identifying organizational capacity challenges, more complex inquiries into these specific topics should occur based on nonprofit category and potentially, geographic area of the U.S. (e.g., South). Using a strengths-based approach, studying those rural organizations who have overcome challenges and are utilizing promising or evidenced-based practices would be a helpful addition to empirical literature as well as rural leaders and program developers. Further, an investigation examining relationships between organizational capacity and organizational variables, such as age, organizational life stage, and leadership, within rural nonprofits would contribute to this knowledge base. Finally, an exploration of how contextual factors – being in a rural area – might impact (both positively and negatively) organizational capacity of rural nonprofits is essential.

This study and its findings also reiterate Thomas et al.'s (2011) stance that place-based identity may not be an important variable of concern for scholars. Belanger (2012) conjectures in an editorial on this topic that research about rural communities and services does exist, but findings are not easily discoverable as they are hidden within studies with a larger focus (i.e., a study on healthcare services for women that may examine rural versus urban differences as one

variable of interest). The need for more rural-focused investigations (as opposed to comparative studies) is critical to the development of place-based initiatives and interventions that can effectively address challenges in rural communities, which might be different from the approaches used in urban and suburban areas (Dankwa-Mullan & Pérez-Stable, 2016; Heflin & Miller, 2011).

Policy and practice implications

Regarding policy efforts, several organizations and alliances exist at the state and national levels that advocate for the well-being and prosperity of rural residents and their communities (e.g., The Rural Assembly, National Rural Health Association, Rural Policy Research Institute). These groups work to educate policy makers on a variety of issues from broadband access to health to economics (Center for Rural Strategies, n.d.). While the work of these entities has and continues to be pivotal in rural development, this study, along with others, illustrates that rural policy efforts may not be translating into financial investment (i.e., grants) to rural nonprofits as they receive few federal and foundation dollars. Perhaps, lack of empirical knowledge regarding rural nonprofits, their contributions, and their struggles is partially to blame. In addition to research, rural nonprofit leaders should feel compelled and empowered to reach out to their local and state officials and funders to share their good works, and moreover, nonprofit MSOs should teach these organizations how to effectively communicate with parties in power.

In practice settings, rural nonprofits of all kinds are providing valuable services to their communities, often with few resources (i.e., human, financial, technological). This study

revealed that collaborative, inventive, and innovative strategies are being utilized to manage and conquer challenges in rural nonprofits. Certainly, collecting and distributing knowledge of these successes are important and can be accomplished through formal and informal research and communication efforts. However, because context matters and essentially all communities are different (i.e., what works in one community may not work in another), another idea is to expose rural nonprofits to creative design and problem-solving techniques (e.g., design thinking) so that they may initiate, discover, and manage processes and solutions that best fit the needs of their communities. Nonprofit MSOs could take the lead in providing these trainings and ensuring that rural nonprofits are able to attend despite financial or other barriers.

Conclusions

Rural areas in the U.S. are facing a great deal of adversity: disproportionate levels of poverty, crime, health disparities, and substance abuse, among other hardships. When local, state, and federal governments cannot fill the gaps, nonprofits often intervene to strengthen communities, but it is unknown if they have the tools needed to meet their missions. This scoping review provides a first look into what is currently known empirically about the organizational capacity of rural nonprofits in the U.S. and adds to the limited rural-focused literature.

The present inquiry's findings are important because nonprofit stakeholders have become fixated on understanding and building capacity to improve organizational effectiveness (Andersson et al., 2016). Because of the critical role performed by nonprofits, the government, foundations, and corporations devote millions annually to strengthen the infrastructure of

nonprofits (Sobeck & Agius, 2007). Nonetheless, the needs, desires, and assets of nonprofits located in rural areas have been limitedly scrutinized. Further, little empirical knowledge is available about the capacity of small nonprofits overall (Roeger, 2010). Uncovering an improved understanding of rural nonprofits' challenges and strengths related to capacity will lead educators, funders, and other stakeholders to better assist these organizations—as well as small nonprofits located in other parts of the U.S.—to become more resilient and meet their missions to address and solve the economic, health, and social problems afflicting our communities.

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Appendix A1: Tables

Table 1 <i>Database Search Terms & Definitions</i>		
Topic	Search Terms	Definitions
Rural	“rural” AND	There are several definitions of rural presented by the federal government and previous research. If the study identifies participant organizations as rural, it was included.
Nonprofit Organization	“nonprofit*” OR “non-profit*” OR “not-for-profit*” OR “non-governmental organization*” OR “NPO” OR “charit*” AND	By the definition of the Internal Revenue Service, a registered nonprofit must exist for the purposes of charity, religion, education, science, literacy, public safety, cruelty prevention, or amateur sports competition. They should not allocate earnings to shareholders nor substantively participate in lobbying or political campaigning (Internal Revenue Service, 2017). If the study identifies participant organizations as nonprofits, it was included.
AND the following, each searched separately with “rural” and each of the capacity search terms		
Capacity	“capacit*” OR “operation*” OR “infrastructure” OR “function*” OR “capabilit*” OR	Organizational capacity is “an enabling factor that allows an organization to pursue and meet certain ends” (Andersson, et al., 2016).
Strategic Planning	“strateg*” OR “plan*” OR “mission” OR “vision”	“Strategic planning is a formalized process by which an organization makes a study of its vision for the future, typically three years or more from the present” (Grobman, 2011, p. 31).
Program Design & Evaluation	“program design” OR “program development” OR “program evaluation” OR “evaluation” OR “assessment”	Program design is “a process that an organization uses to develop a program. It is most often an iterative process involving research, consultation, initial design, testing and redesign” (McGuire, 2016). Program evaluation refers to the methodical gathering and examination of data related to an intervention and service users to understand impact and improve future delivery of programming (Brun, 2005).
Human Resources & Legal Affairs	“human resource*” OR “legal*” OR “law*” OR “statute*”	“Human resources management...is the design of formal systems in an organization to ensure the effective use of employees’ knowledge, skills, abilities, and other characteristics...to accomplish organizational goals” (Pynes, 2013, p. 7). Nonprofit legal affairs are comprised of laws related to organization formation, acquisition of tax-exempt status, reporting, philanthropy and fundraising, disclosure, business activities, and governance principles and liabilities (Hopkins, 2015).
Leadership & Staffing	“leader*” OR “board” OR “executive*” OR “administrat*” OR “manag*” OR “supervis*” OR “staff*” OR “personnel”	“Strong and effective leadership is the lynchpin of the system.... Leadership for nonprofit organizations may come from many sources, including professional staff, board members, and volunteers” (De Vita & Fleming, 2001, p. 18).

Table 1 Continued		
<i>Database Search Terms & Definitions</i>		
Topic	Search Terms	Definitions
Technology	“technolog*” OR “information system*”	Technology refers to the available hardware and software and the ability to utilize such technology by employees (De Vita & Fleming, 2001; Sobeck & Agius, 2007).
Financial Systems & Accountability	“financ*” OR “bookkeeping” OR “fiscal” OR “budget*”	Elements of nonprofit finance includes financial planning, budgeting, policies and procedures, recording, reporting, and monitoring (Renz, 2010).
Resource Development	“fund development” OR “fundraising” OR “advancement” OR “donor*” OR “donat*” OR “public support” OR “private support” OR “volunteer*” OR “earned income” OR “entrepreneur*”	Nonprofits must have resources to sustain operations including financial, human, and physical resources (De Vita & Fleming, 2001). Public and private support must be generated through development activities including fundraising, grant writing, and entrepreneurial endeavors (Indiana University Lilly Family School of Philanthropy, 2016).
Communications	“marketing” OR “communication*” OR “promotion” OR “brand*” OR “external relation*” OR “public aware*” OR “outreach” OR “public relation*”	“Communication to enhance image and build reputation should be part of a nonprofit’s strategic plan” (Tschirhart & Bielefeld, 2012, p. 330). Internal (within the organization) and external communications (branding, marketing, and public relations) are integral parts of organizational capacity (Allison & Kaye, 2015).

Table 1. Database Search Terms & Definitions. Table 1 provides an exhaustive list of search terms and definitions utilized in the search part of the scoping review process.

Table 2		
<i>Websites included in the search process</i>		
Name of website	Search procedure	Articles included
Bridgespan Groups	Under the “Insights” tab, clicked “Library,” and then searched "rural."	2
Center for Civil Society Studies at the Johns Hopkins Institute for Policy Studies	Scoured their “Listening Post Project” publications.	1
Center for Rural Affairs	Examined “Reports & Publications,” and then “White Papers and Research Publications.”	0
Lilly Family School of Philanthropy	Used their search tool and the term, "rural."	0
National Center for Frontier Communities	Used the search tool in the Resource Library and searched the term, "nonprofit."	0
National Council of Nonprofits	Under the “America’s Nonprofits” tab and clicked “Research, Reports, and Data.”	0
Rural Behavioral Health Initiative for Children, Youth, and Families	Examined the “Resources” page and clicked subheading, “Products and Tools.”	1
Rural Community Assistance Partnership	Examined the “Resources” page.	0
Rural Local Initiatives Support Corporation (Rural LISC)	Used their search tool and typed in "nonprofit."	0
Rural Policy Research Institute Library	Examined the publications listed on the "Library" page.	0
The Urban Institute	Used the power search option with the term, "rural nonprofit" and chose research area, "nonprofits and philanthropy."	0

Table 2. Websites included in the search process. Table 2 outlines the websites included in the scoping review process, the search procedures utilized on those websites, and the number of articles included from those websites

Table 3

Studies meeting inclusion criteria

Authors, Publication Year & Article Type	Location & Mission of Nonprofits Studied	Main Study Purpose	Study Design, Analytic Methods, & Sample Characteristics	Key Challenges of Organizational Capacity
Anderson, T. (2017) Dissertation	South Dakota, Minnesota, Nebraska, & Iowa Animals, Food, and Youth Mentoring	Explore the challenges impacting rural nonprofits and understand how they impact board members' undertakings	Qualitative; elite- interviewing with grounded theory <i>N</i> = 24 (all rural)	Top constraint was obtaining financial and human resources. Other constraints were distances traveled by clients to access programs; hesitance of rural residents use services; impacting necessity of services to community at-large; and obtaining skills needed to help provide services and mature the organization. Scarcity of qualified board members, volunteers, and staff; skill sets; and funding harmfully obstructed activities of the board and services delivered. Most organizations did not receive federal or local grants. Rather than strategizing for the future, most were focused on surviving.
Audi, G.; Kates, F.; Capen, M.; Polito, A. (2016) Peer-reviewed article	United States, Southern region Hospitals	Examined the relationship between nonprofit and for-profit rural multisystem hospitals and their financial performances	Quantitative; non- experimental, causal- comparative; ANCOVA with GLM procedure <i>N</i> = 123 (all rural, 62.6% nonprofit)	While nonprofit hospitals in rural areas had more cash-on- hand for daily expenses, they had reduced operating margins and return on equity compared to their for-profit counterparts, indicating poor financial health.
Bartow, S. (2017) Dissertation	Central New York: Chenango, Delaware, and Otsego counties Human services	Analyzed rural New York nonprofits' use of social media platforms as instruments to communicate with stakeholders and meet their organizational missions	Qualitative; open-ended questioning with a conceptual framework <i>N</i> = 10 (all rural)	Most of the executive directors were unaware of the utility of Facebook beyond sharing events. Other social media platforms were infrequently used because both staff lacked the knowledge regarding benefits and usage. No consistency existed regarding responsibility of social media, which was attributed to lack of time and resources.

Table 3 Continued

Studies meeting inclusion criteria

Authors, Publication Year & Article Type	Location & Mission of Nonprofits Studied	Main Study Purpose	Study Design, Analytic Methods, & Sample Characteristics	Key Challenges of Organizational Capacity
Edmond, M.; Aletraris, L.; Roman, P. (2015) Peer-reviewed article	United States, National Substance use- disorder treatment	Compared the variances in treatment quality between rural and urban substance abuse treatment centers	Quantitative; non- experimental, causal- comparative; descriptive statistics, chi- square, t-tests & multivariate regression N = 591 (20% rural, 72% nonprofit)	Rural substance abuse centers were more likely publicly funded; had fewer counselors with master's degrees; and offered less services, innovative treatments, specialized tracks, and wraparound services.
Gellar, S.; Abramson, A. Leon, E. (2010) Report	United States, National Economic growth; human services; arts	Sought to understand the technological capacity of nonprofits	Mixed-methods; triangulation with survey with quantitative and open-ended questions; descriptive statistics and thematic analysis N = 223 (28% rural)	Compared with urban and suburban organizations, rural nonprofits were less likely to have their computers networked together; to have a paid, full- time staff person dedicated to IT needs; and to provide IT training to non-IT staff. Only 39 percent of rural nonprofits had access to high-speed internet.
Knudsen, A. (2016) Master's thesis	Colorado Youth-serving organization	Evaluated the influence a nonprofit with a few satellite offices on their community while also identifying assets and challenges	Mixed methods; triangulation with secondary data, interviews, and observations; descriptive statistics and thematic analysis N = 1 (rural)	Several challenges were recognized: heavily grant- funded; leadership turnover; issues with data collection and analysis for multiple sites; unprepared for growth in the region; nonexistent or vague policies around collaborations; uneducated about how to impact change through political activity; no backup plan if fundraising fails; and maintenance issues due to little funding.

Table 3 Continued

Studies meeting inclusion criteria

Authors, Publication Year & Article Type	Location & Mission of Nonprofits Studied	Main Study Purpose	Study Design, Analytic Methods, & Sample Characteristics	Key Challenges of Organizational Capacity
Lee, A. (2011) Dissertation	Charleston, West Virginia; Greene County, Tennessee; & Athens, Ohio Economic development	Sought to understand how rural economic growth-oriented organizations functioned in meeting their missions	Qualitative; case- study approach; hypothesis testing through replication <i>N</i> = 3 (rural)	All organizations had experienced reduced foundation and government funding. As a result, executive directors were constantly fundraising and neglected the mission. Public perception dictated that nonprofits should operate with scant staffing and resources. With relentless stress over insufficient resources, turnover in leadership caused instability.
Neuhoff, A. & Dunckelman, A (2011) Report	United States, National Human services	Contrasted the rural and urban nonprofit sector through examining finances, staffing, and other capacity issues.	Mixed methods; triangulation with secondary data analysis and case study; descriptive statistics and thematic analysis <i>N</i> = 343,851 (secondary data; 16% rural); <i>N</i> = 2 (case study, 1 rural)	Less than 20 percent of rural organizations had budgets larger than \$1 million and also obtained less federal and state funding. Recruiting qualified personnel and board members was difficult because rural organizations had smaller budgets, and there were fewer talented professionals available because of lower educational attainment. Retention was also challenging because agencies were unable offer raises, training, and promotion. The scarcity of nonprofits in rural areas and lack of public transportation created service- access problems and budgetary issues for agencies.
Newstead, B. & Wu, P. (2009) Report	California & New Mexico Youth-serving organizations	Investigated the financial health and capacity of youth-serving organizations in rural and urban areas	Quantitative; non- experimental, Comparative; descriptive statistics <i>N</i> = 882	Rural nonprofits were half the size financially as urban organizations and spent twice as less on their clients.

Table 3 Continued

Studies meeting inclusion criteria

Authors, Publication Year & Article Type	Location & Mission of Nonprofits Studied	Main Study Purpose	Study Design, Analytic Methods, & Sample Characteristics	Key Challenges of Organizational Capacity
Office of Rural Health Policy (2011) Report	United States, National Behavioral health	Examined behavioral health organizations with inventive programming but might be struggling to expand or fully implement services due to capacity issues	Mixed methods; triangulation with surveys and open-ended interviews; descriptive statistics and thematic analysis <i>N</i> = 62 (surveys); <i>N</i> = 11 (interviews, all rural)	Most organizations were unable to devote staff to program evaluation. Staff struggled to collect data because of workload and lack of time. Staff also may not have the skills to conduct or participate in evaluation. Due to limited financial resources, organizations were unable to hire external consultants to facilitate evaluation.
Sanders, R. (2014) Dissertation	Not provided Youth-serving organizations	Assessed and aimed to improve fundraising skills of board members	Mixed methods; action research intervention design with survey and open- ended interviews; descriptive statistics and thematic analysis <i>N</i> = 5 (all rural)	Participants were unclear about the policy outlining responsibilities for fundraising. Participants were less confident about the adoption of an income strategy; adoption of a conflict of interest policy; members acting as representatives; and members upholding commitments.
Seale, E. (2010) Dissertation	North Carolina Human services	Examined the economic and political challenges faced by one rural and one urban nonprofit and their impact on organizational capacity and services	Qualitative; comparative case-study approach with deductive analytic method <i>N</i> = 22 (10 rural, 2 nonprofit)	Rural nonprofits had less capacity than their urban counterparts. Rural organizations struggled with building trust and connecting with residents. Collaboration between rural agencies was limited. Inadequate resources – human and financial resulted in hardship. Staff were overworked due to being shorthanded. They also did not have the training nor time to invest in grant writing and fundraising. Organizations often did not have reserves for shortages. Expanding services was not a possibility.

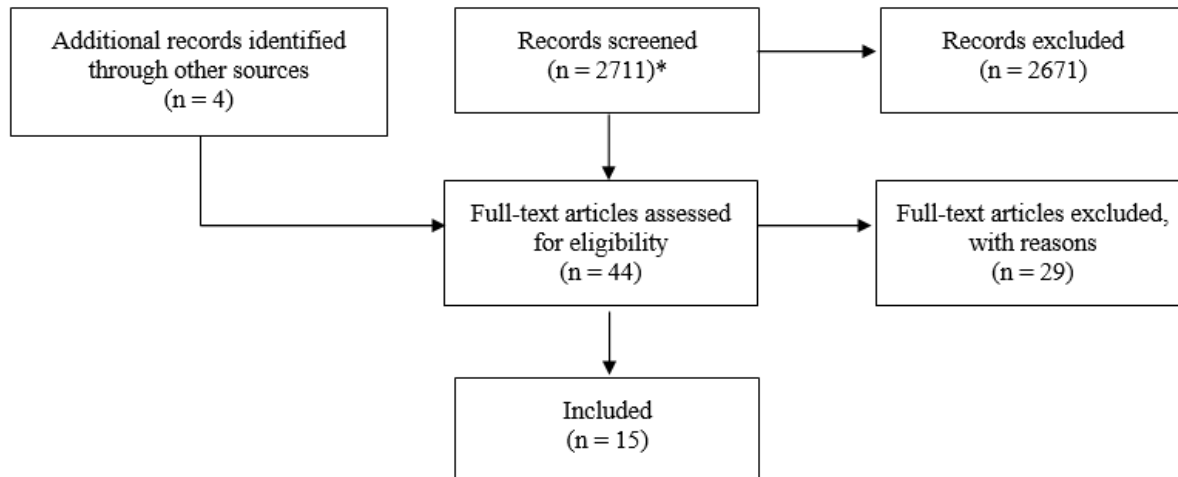
Table 3 Continued

Studies meeting inclusion criteria

Authors, Publication Year & Article Type	Location & Mission of Nonprofits Studied	Main Study Purpose	Study Design, Analytic Methods, & Sample Characteristics	Key Challenges of Organizational Capacity
Skinner, D.; Franz, B. & Kelleher, K. (2018) Peer-reviewed article	Appalachian region of Ohio, 32 counties Hospitals	Explored the challenges rural hospitals faced upon employing the CHNA in their communities	Qualitative; semi- structured interviews with grounded theory approach N = 21 (18 rural)	Organizations did not have enough staff to meet the government mandate of conducting a community health needs assessment. They did not have funds to add dedicated employees; the workload of existing staff increased.
Sweet, K. (2013) Dissertation	Eastern North Carolina Mission unclear	Investigated the attitudes and experiences of nonprofit employees to assess their overall job satisfaction and organizational commitment	Qualitative; semi- structured interviews with transcendental phenomenological approach and comparative analysis N = 10 (employees in a rural organization)	Communication between staff and leaders was unsatisfactory. Staff were displeased with the support received from leadership. Leaders were resistant to innovation and change as well as investing in staff development and training. Leaders lacked knowledge pertaining to funder requirements and implored staff to ignore them, which created difficult situations for staff.
Tighe, J. (2013) Peer-reviewed article	Appalachian region Housing counseling	Explored nonprofits available resources and service provision abilities	Mixed methods; triangulation with secondary analysis and survey with quantitative and open-ended questions; descriptive statistics and thematic analysis N = 104 (all rural, 93% nonprofit)	There was a significant lack of financial resources due to funding cuts at the state and federal levels. Few agencies were actively fundraising due to lack of staff and time. With little funding available, staff had minimal access to innovative and updated training and knowledge related to their services. Most organizations were unable to add staff, and people requiring service were turned away. Considering the sparse population density, organizations in rural areas utilized expensive forms of advertising to connect with potential service users.

Table 3. Studies meeting inclusion criteria. Table 3 provides the studies meeting the inclusion criteria and shares relevant information about the studies including author, year published, geographical context, missions of the organizations examined, purpose of study, methodology, and key challenges regarding organizational capacity found in the study.

Appendix B1: Figures



*After duplicate removal

Figure 1. Search and distillation process. This figure provides a summary of the search and distillation process for the scoping review. Adapted from Moher, Liberati, Tetzlaff, & Altman (2009).

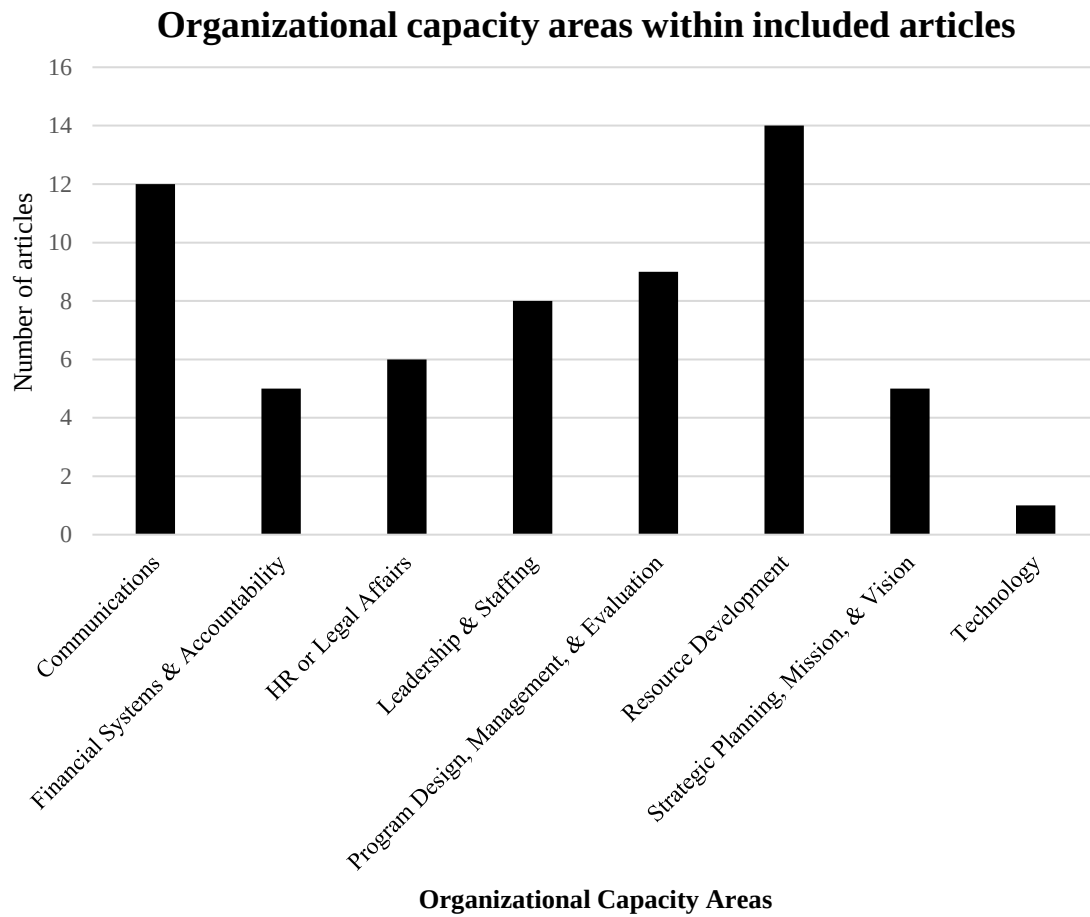


Figure 2. Organizational capacity areas within included articles. This figure provides a glance at the organizational capacity areas that were discussed in the analysis of the 15 included articles found in the scoping review process.

**CHAPTER III:
CHARACTERISTICS AND ORGANIZATIONAL CAPACITY OF
NONPROFITS IN RURAL, PERSISTENTLY POOR SOUTHERN
COUNTIES IN THE UNITED STATES**

Abstract

Background: Nonprofits in the U.S. address many social challenges and seek to improve quality of life for all. To accomplish their missions, nonprofits must have organizational capacity – elements used to meet their mission such as staff, fundraising, and evaluation. Few empirical studies examine rural nonprofits, and recent evidence suggests these organizations may be experiencing organizational capacity challenges as they tackle pervasive problems. The present study focuses on nonprofits located in rural, persistently poor counties in the South. With three key objectives, the investigation seeks to 1) describe characteristics of the organizations serving this region; 2) establish a baseline knowledge of organizational capacity; and 3) identify organizational capacity domains in rural nonprofits. **Method:** In 2019, surveys were emailed or mailed to all nonprofits (N=3,530) that are IRS-registered 501(c)3 organizations, located in counties designated as persistently poor in the Southern region of the U.S., and had submitted a 2016 990 IRS form. Demographics and organizational capacity characteristics were examined in a descriptive statistics analysis. Domains of organizational capacity were extracted via exploratory factor analysis. **Results:** Mississippi, Kentucky, and Georgia have the most nonprofits in the counties studied. The average nonprofit was 19.42 years old. Seventy-five percent had budgets less than \$500,000. The human services category had the most nonprofits (39.3%). Financial management, strategic planning, collaboration, communication, and program planning were strengths in organizational capacity. Personnel evaluation, succession planning, fundraising planning, training, HR policies, and volunteer management were challenges. In the EFA, a model emerged with four domains with 36 items representing organizational capacity: Organizational Identity, Fund Development, Volunteers, and Organizational Procedures.

Conclusions: This study provides a foundation for further research as well as knowledge that will support policy and funding decisions.

Introduction

Nonprofits fill an exorbitant number of roles in the United States (U.S.) with over 1.5 million in existence (McKeever, 2019). Serving as a major part of the country's social safety net and making up for gaps in governmental assistance, nonprofits are putting food on dinner tables, paying disconnection notices for utilities, bringing arts and cultural to underserved areas, and providing many other services (Edin & Lein, 1998; Guo, 2010). To improve quality of life and meet strategic goals, nonprofits must have organizational capacity – any element used to achieve their missions, such as human resources, technology, and funding (Light, 2004). The organizational capacity required differs from organization to organization, dependent on their mission and contextual factors, like geography (Andersson, Faulk, & Stewart, 2016; Walters, 2019). Recent evidence suggests that rural nonprofits may be struggling with certain domains of organizational capacity (e.g., fund development; staffing) while trying to tackle pervasive social challenges (Walters, 2019).

In the U.S., about 51% of all rural residents in the nation are living in poverty in the Southern region (United States Department of Agriculture (USDA)/Economic Research Service (ERS), 2019a). Markedly, of the persistently poor counties in the U.S., which are defined as those "...that have had poverty rates of 20% or more for the past 30 years, as measured by the 1980, 1990, and 2000 decennial censuses" (Dalaker, 2019, p.1), about 71% are in the non-metro/rural South (USDA/ERS, 2019a). A recent report by Partners for Rural Transformation indicates that most residents in persistently poor counties are people of color, and they are experiencing hardships as a result of poverty including health disparities, lack of decent and affordable housing, and unsafe water supply (2019). Nonprofits in these areas play an important part in ensuring residents have what they need to survive and thrive. Though anecdotal accounts

exist about positive works, assets, and challenges of rural nonprofits, there is a lack of empirical studies about rural nonprofits, their characteristics, their organizational capacity and ability to provide services, and how to best measure organizational capacity in these organizations (Walters, 2019).

Accordingly, the present study seeks to expand the knowledge base on rural nonprofits and their features and organizational capacity through a quantitative assessment while also raise awareness of an extremely vulnerable region of the U.S. – the rural, persistently poor South. This investigation also expands the empirical evidence related to measuring organizational capacity in an unexplored population, rural nonprofits. This study and its objectives are important for a few key reasons. First, as noted in Walters (2019), many of the organizational capacity challenges in rural nonprofits have been traced back to funding and financial health. Previous research has indicated that financial investments from private (e.g., foundations) and public (e.g., governments) sources are lagging considerably in rural areas, especially in persistently poor counties (Arneal 2015; Campbell University, 2018; Center on Philanthropy, 2010; Clyburn, 2014; Kneebone, 2016). While exact reasons remain unknown, lack of organizational capacity could be one reason for minimal investments in rural nonprofits. At the federal level, a belief exists that even if more grant opportunities were made available to rural nonprofits in persistently poor counties, many organizations may not have the organizational capacity to apply, be competitive, and then manage the funds (Clyburn, 2014; Kneebone, 2016). Thus, it is critical that empirical evidence emerges that identifies rural nonprofits' strengths and challenges related to organizational capacity to educate policy makers and funders and ensure well-informed decisions are made regarding appropriations. Secondly, capacity-building agencies – those local and national organizations that work to enhance organizational capacity in nonprofits through

education and training (Backer, Bleeg, & Groves, 2004) – need knowledge to effectively assist rural nonprofits, including proper measurement of organizational capacity. With minimal studies available, capacity builders are likely relying on existing best practices which are mostly based on larger nonprofits that are more likely to be in cities (Andersson et al., 2016; Neuhoﬀ & Dunckelman, 2011). This study will support capacity builders to provide focused services to rural nonprofits. Finally, studying rural organizations advances the research agenda for the rural U.S., which is scientiﬁcally scrutinized to a smaller extent than urban areas (Thomas, Lowe, Fulkerson, & Smith, 2011).

Background

Nonprofits & Organizational Capacity – Frameworks & Measurement

Nonprofits are systems comprised of working parts. Though the literature is vast and some variation exists, the basic components of a nonprofit system, as presented by De Vita & Fleming (2001), are mission, leadership, outreach, services, and resources. For each part to function and the organization to perform effectively, organizational capacity is needed, which is any element crucial to accomplishing the goals of the organization (Light, 2004). Organizational capacity is “the means” for reaching a nonprofit’s “ultimate goal” (Stevens, 2001 as cited in Andersson et al., 2016, p. 2864). In the past few decades, a stronger focus has emerged with funders of nonprofits (i.e., foundations, governments) on organizational capacity with major concerns regarding an organization’s ability to effectively manage and utilize money (Brown, 2014; Karsh & Fox, 2014; Minzner, Klerman, Markovitz, & Fink, 2014). This expectation, along with a “do more with less” ﬁscal environment (Luma Consulting, 2016), have manifested in hesitations of and failures in investing in small or grassroots organizations and increased competition for funding across the nonprofit sector (Karsh & Fox, 2014).

Organizational capacity is a multi-dimensional construct that is prescriptive to each nonprofit: the capacity required by one organization may not be as important to another, which creates hardship in measurement of the concept (Andersson et al., 2016; Despard, 2016a). The problem is that scholars and practitioners alike struggle to agree upon the best model of organizational capacity (i.e., what do nonprofits *really* need to be successful?), and as Andersson et al. (2016) points out, these models often come in two forms: best practices – very much theory-driven – and “how-to” approaches – more practical in nature.

One can get a sense of the diversity in measurement and operationalization of nonprofit organizational capacity by reading a comprehensive report by Informing Change and Hewlett Foundation, a major funder of nonprofits who is interested in effective philanthropy. They identified and analyzed *publicly available* organizational capacity assessment tools (Informing Change, 2017a). In addition to this report, Informing Change and the Hewlett Foundation created a database of the tools including 48 organizational capacity assessment tools and 43 resource guides (2017a, 2017b). The findings revealed that there were many commonalities across the tools, yet many differences existed in capacity areas measured and the processes associated with them (Informing Change, 2017a). The database recognizes 18 of the most commonly employed capacity areas (definitions can be found in the glossary of the database): adaptive capacity; aspirations; community and external relations; content and sector expertise; culture, values, and ethics; learning, evaluation, and accountability; finances; fundraising and development; governance; human resources; infrastructure and technology; leadership; management and organizational structure; operations; planning; strategy; programmatic; and constituents (Informing Change, 2017b). These areas are included in the capacity indicators as suggested in peer-reviewed research (e.g., Andersson et al., 2016).

The range of capacity areas that the tools assessed was three to 17 with the number of items ranging from 24 to 264. Some assessments are meant to be adapted for each organization; the report notes, “the tools that were most highly regarded by funders, consultants, and nonprofits are ones that were adapted or custom-designed to the particular organization and its situation” (Informing Change, 2017a, p. 3). Some required internal or external facilitation; some were to be completed by board members, executive leadership, staff, external funders, or a combination of people; and most were not based on theory or evaluated (Informing Change, 2017a). Many of the tools required hours to complete and sometimes days and weeks with multiple people taking the assessment. Additionally, several did not have scoring procedures, though the questions and responses on assessments will deliver different information (Informing Change, 2017a). For example, questions with dichotomous response sets (e.g., Does the nonprofit have a written mission?) were important because they “build awareness of best practice and identify critical gaps” about capacity areas (Informing Change, 2017a, p. 7). Items that are more in-depth and require rating or agreement scales enhance understanding of capacity (e.g., “I can see how the tasks, goals and objectives of my part of the organization will help us fulfill our vision and mission.”). Finally, items that focus on standards and ideals in a practice area (e.g., homelessness services) that require a rubric are more rigorous assessments (e.g., “The mission of our organization fulfills assessed needs in the community related to individuals and families who are without homes.”). Further, the *process* of conducting an organizational capacity assessment is as significant as the items on the assessment because it allows organizations to learn about organizational capacity, recognize strengths and weaknesses, and facilitate a discussion among leadership and staff about the needs of the organization (Informing Change, 2017a).

Other important findings from the Informing Change & Hewlett Foundation report include expectations of organizational capacity by funders (2017a). In some cases, funders require potential fundees to conduct organizational capacity assessments to receive a grant or, at the very least, they will ask questions on grant applications regarding organizational capacity (Informed Change, 2017a; Karsh & Fox, 2014). Nonetheless, funders share, “...you cannot expect to receive unbiased data from grantees or potential grantees if the organizational assessment is perceived as a test” (Informed Change, 2017a, p. 11). Meaning, if there is money or reputation on the line, organizations may not be truthful or forthcoming about weaknesses.

Operating a Rural Nonprofit

Nonprofits in rural areas of the U.S., especially in the South where persistent poverty is high, are tasked with addressing what seems like insurmountable problems. Yet, little is known about rural nonprofits in the U.S. (Walters, 2019). Neuhoﬀ & Dunckelman (2011) estimate that the number of urban nonprofits is triple that of rural nonprofits, and these organizations are often offering a myriad of services – regardless of their stated missions – to ensure rural residents have an acceptable quality of life (Scales, Streeter, & Cooper, 2013). Previous research has shown that distressed counties have fewer nonprofits (Grønbjerg & Paarlberg, 2001). Fewer organizations means that these rural nonprofits have service areas – typically, 49 square miles – much larger than their urban and suburban peers (Fanburg, 2011). Though their contributions are essential, rural nonprofits confront struggles in their operations, particularly related to finances (Lin & Wang, 2015). Organizations in rural areas are receiving only six percent of federal awards (Arneal, 2015) and seven percent of donor dollars (Campbell University, 2018). More pinpointed to persistently poor areas like the Appalachian, Mississippi Delta, and Rio Grande regions, grants per person equated to \$50 compared to the national mean of \$451 (Partners for Rural

Transformation, 2019). The financial stresses of generating enough funds through grants and donor development are negatively affecting rural nonprofits' organizational capacity – essentials like technology and staffing – and their ability to carry out their missions (Walters, 2019).

In the recent scoping review, Walters (2019) examined several organizational capacity areas in rural nonprofits, identifying both strengths and weaknesses. With resource development and financial health, though struggles were apparent, many rural nonprofits were innovative with the few resources they had available to them and supplementing through collaborative efforts with peer organizations (Walters, 2019). Regarding grants, some rural nonprofits were successful in the process while others did not have access or knowledge to apply for opportunities (Walters, 2019). Concerning strategic planning and organizational identity, the studies in the review were not explicit about these topics, but the use of innovative problem-solving was indicated (Walters, 2019). Staffing was a concern – hiring, training, and retaining paid and unpaid staff were problematic for many agencies; for others, like some behavioral health organizations, employees were dedicated to their jobs (Walters, 2019). Though challenges were apparent for some, most organizations were striving to better the quality of life for residents through valuable programming despite few financial resources available (Walters, 2019). Geographic isolation and lack of adequate transportation also emerged as programmatic problems for agencies and their clientele (Walters, 2019), which confirmed older investigations findings (Allard & Cigna, 2008; Snaveley & Tracy, 2000). Few studies examined technology capacity. The lack of highspeed internet was a concerning issue since the use of technology helped address rural struggles like isolation by bringing programs to clients via the internet (Walters, 2019). Several gaps exist in the rural nonprofit organizational capacity literature, including studies with a multidimensional assessment as well as methods to best measure capacity in these organizations (Walters, 2019).

Similarly, few studies are available about nonprofit work specifically in rural counties in the South. One study about a water-monitoring program in rural Alabama discussed several factors that impeded success including few volunteers, minimal people with means to donate, and lack of knowledge about the mission and necessity of services (Deutsch, Lhotka, & Ruiz-Córdova, 2009). In another investigation examining nonprofits seeking to enhance wellbeing among rural Mississippi Delta residents, findings indicated that “collaborative, interdisciplinary programs that work across sectors can better leverage resources, impacting greater change” (Kerstetter, Green & Phillips, 2014, p.267). Browne et al. (2016) examined organizations providing substance abuse treatment in the rural South and identified several capacity issues such as inadequate funds to implement evidence-based treatment, limited partners, insufficient collaborative processes in the community to enable coordinated care, outdated technology, minimal transportation options, and stigma attached to seeking treatment in rural communities. Another study that included rural nonprofits from the Mississippi Delta region identified issues in fundraising (Besel, Williams, & Klak, 2011). Agencies often relied upon government grants and contracts to provide services. Further, they were doubtful of donors’ willingness to give to nonprofits other than higher education institutions and churches (Besel et al., 2011). Edwards, Theriault, Shores, & Melton (2014) acknowledged struggles with gaining and maintaining human capital to support programming in the rural South. In an evaluation report of federal funding allocated to rural nonprofits for domestic violence and child victimization, organizations prior to funding were strong in capacity areas related to mission and vision, volunteer management, and acquisition of in-kind donations, while struggling with evaluation, long-range sustainability planning, budgeting, development of organizational policies, and professional development of staff and volunteers (Klein et al., 2009). Additionally, rural nonprofits were

faced with conflict-of-interest issues (mainly with funding) as staff and board members were serving multiple organizations (Klein et al., 2009).

The Rural Poor and the South

For the past 60 years, rural poverty rates have outpaced those of urban areas, and moving into the 21st century, this trend continues (Weber & Miller, 2017). The amount of impoverished rural individuals residing in high-poverty counties nearly tripled from 17% in 1999 to 45% in 2013 (Weber & Miller, 2017). As such, the South is currently home to 252 counties that are considered persistently poor and nonmetro – the largest concentration of persistently poor counties in the nation (USDA/ERS, 2019a). Figure 1 in Appendix B2 illustrates the poverty levels for Southern region states by rural, urban, and entire state (USDA/ERS, 2019b).

While rural America remains mostly Caucasian, more diversity exists in the rural South due to its history: about 90% of all rural or small-town African Americans are residents of the South, and about 25% of all rural or small-town Hispanics reside in Texas (Housing Assistance Council, 2012). The number of rural minority children continues to grow rapidly, particularly in the Mississippi Delta region, Rio Grande region, and Southeast, where many counties are considered majority-minority (Weber & Miller, 2017).

The South, including its rural counties, is experiencing a gamut of challenges related to quality of life with many of these challenges associated with poverty. As an increased number of minorities who are poor reside in rural areas in the South, they are more prone to inadequate and unaffordable housing (Housing Assistance Council, 2012). With a significant relationship between poverty and educational attainment, the rural South has the lowest levels of education attainment in the nation (USDA/ERS, 2017a), including the fewest college graduates (Singh et al., 2017). Additionally, the largest percentage of food insecure counties can be found in the

South (89%) with most being rural (Hester, 2017). Living in rural, persistently poor counties (most being in the South) is linked with obesity – a relationship impacted by race, age, and access to healthy foods (Bennett, Probst, & Pumkam, 2011) – and bears a negative effect on mental health outcomes (Ralston, Johnson, Hossfeld, & Beech, 2019). Singh et al. (2017) note a host of physical health challenges for Southern residents when comparing to other regions of the country including increased risks of all-cancer mortality, diabetes mortality, and death by homicide (Singh et al., 2017). Appalachia residents specifically have higher rates of COPD mortality, unintentional injury mortality, diabetes mortality, and drug overdose mortality (Singh et al., 2017). Additional hardships related to rural living have been reported including increased rates of unemployed and uninsured individuals; fewer healthcare providers; transportation difficulties; and reduced access to high-speed internet (National Rural Health Association [NRHA], n.d.).

Purpose of the Present Study

This study's overall goal is to develop a better understanding of nonprofits that serve one of the most impoverished areas of the U.S. – rural, persistently poor counties of the South. The first objective is to describe characteristics and geographic settings of 501(c)3 nonprofits in the area of interest. This can inform the dialogue about programs offered, as well as potential gaps, in communities with high poverty. The second objective is to establish a baseline knowledge of organizational capacity in rural nonprofits located in persistently poor counties. As few empirical studies exist on rural nonprofits, this knowledge lays the groundwork for future research by identifying strengths and weaknesses in these organizations that strive to help residents in a vulnerable area of the nation. In practice, this information can provide contextual guidance, which is currently nonexistent, for capacity builders and management support organizations in

their efforts to educate staff and volunteers in rural nonprofits on best practices in increasing capacity and means to meet their missions. Additionally, this initial investigation delivers insight to funders – both private and public – about organizational capacity elements that need their attention in rural nonprofits; in other words, when they invest money for capacity building in rural nonprofits, what should be the areas of focus? With challenges in measuring organizational capacity, the third objective focuses on the identification of organizational capacity domains in rural nonprofits via an exploratory factor analysis. This is necessary because the assessment tool in the present study has not been used in empirical investigations and validity is a concern. Further, no studies exist (to the author’s knowledge) that explicitly measure capacity of rural nonprofits in the South in a multi-dimensional manner.

Methods

This study was approved in April 2019 by the Institutional Review Board of the University of Tennessee, Knoxville.

Participants

This study’s population of interest is registered, 501(c)3 nonprofit organizations located in rural, persistently poor counties in the southern region of the U.S.

Nonprofits. Nonprofits are coded by the Internal Revenue Service (IRS) as 501(c)(3), charitable organizations and are eligible to receive tax-deductible donations so long as they are not for the advantage of private interests and their net profits cannot be allocated to private shareholders (IRS, 2017). As categorized by the National Taxonomy of Exempt Entities (NTEE), which is the system utilized by the IRS, there are 26 major groups of nonprofits (designated by letters) that fall under 10 broader categories (designated by Roman numerals):

- I. Arts, Culture, and Humanities – A;
- II. Education - B
- III. Environment and Animals - C, D
- IV. Health - E, F, G, H
- V. Human Services - I, J, K, L, M, N, O, P
- VI. International, Foreign Affairs - Q
- VII. Public, Societal Benefit - R, S, T, U, V, W
- VIII. Religion Related - X
- IX. Mutual/Membership Benefit - Y
- X. Unknown, Unclassified – Z

(National Center for Charitable Statistics, n.d.)

The only 501(c)3 organizations excluded from the present study were those in category X, revoked organizations, and defunct/merged organizations.

Persistent poverty. The ERS of the USDA tracks persistent poverty at the county level – characterized as counties with 20% or more poverty over the past four census cycles. There are 353 counties considered persistently poor in the U.S. with 301 being nonmetro, and about 84 percent of those nonmetro counties are in the southern region (USDA/ERS, 2019a).

Southern region. Per the U.S. Census Bureau (2015), the southern region consists of 15 states plus the District of Columbia: Alabama, Arkansas, Georgia, Florida, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. Maryland and the District of Columbia were not included in the sample as they do not have persistently poor, rural counties.

Rural. This study uses the following ERS definition of “urban” and “rural” to sample rural counties:

Classification of counties by metro or nonmetro definition, where 1=metro county (Urban); 0=nonmetro county (Rural); metro areas include all counties containing one or more urbanized areas: high-density urban areas containing 50,000 people or more; metro areas also include outlying counties that are economically tied to the central counties, as measured by the share of workers commuting on a daily basis to the central counties. Nonmetro counties are outside the boundaries of metro areas and have no cities with 50,000 residents or more. (USDA/ERS, 2017b)

Sampling Procedures

To identify and contact relevant 501(c)3 nonprofits, a custom dataset was purchased from GuideStar by Candid (2019). The dataset has organizational information from the most current Form 990s, which many registered nonprofits are required to complete by the IRS and includes financial information, NTEE categories, mailing addresses, and geographic locations (e.g., Federal Information Processing Standards [FIPS] codes). This dataset contained 3,530 501(c)3 nonprofits in persistently poor, rural (nonmetro) counties in the Southern region of the U.S. Because the population is identifiable, total population sampling strategy was employed, which is a purposive technique that utilizes the entire population with specific features (Lund Research, 2012). The main advantage of using total population sampling is uncovering a rich understanding of the phenomena of interest and the ability to make analytical generalizations (Lund Research, 2012). There are disadvantages: 1) obtaining a population list is costly and time-consuming; and 2) if a considerable number of organizations do not participate, the cost

will be the lack of analytical generalizations that can be made from the investigation (Lund Research, 2012).

Data Collection

Data were collected from the 2016 990 tax forms via the GuideStar dataset, online surveys, and mailed surveys. Specific data mined from the tax forms are discussed in the *Measurement* section. To launch the online survey, email addresses of a senior-level decision maker (e.g., executive director, board president, or program director) were mined by the researcher and a graduate research assistant from organization websites, social media, and other online sources. Senior-level administrators and board members were targeted for this survey because they typically have the most knowledge about organizational-level information. The online survey was deployed using QuestionPro, a cloud-based data collection software (2019). Nonprofits with discoverable email addresses – 1,493 out of 3,530 – received an email with study information and invitation to participate in an online survey. Follow-up emails were sent at two weeks and four weeks after the initial invitation to those who had not participated. Nonprofits receiving the emails had the opportunity to opt-out of future correspondence.

In the fifth week, organizations who did not respond to the email invitation or did not have a discoverable email received a paper version of the survey at the mailing address listed on the 2016 990 tax form. Thus, 3,311 nonprofits received the paper version. No follow-up was conducted with organizations that received the paper version due to lack of time and funding. In all, over 500 organizations completed some part of the survey with 292 answering demographic questions and at least one domain of organizational capacity questions. Of the 292 respondents, 185 organizations completed the online survey and 104 completed the paper option.

Incentives. A local nonprofit capacity builder, the Alliance for Better Nonprofits (ABN, n.d.) provided a complimentary online training related to a facet of organizational capacity (e.g., fundraising) to participants as a research incentive, valued at \$25 to \$75 depending on the training selected. Incentives were not contingent on full completion.

Measurement

The full survey, including demographic questions, was 77 questions. On average, respondents completed the survey in nine minutes. The survey was not anonymous so that responses could be matched with 990s. Therefore, identifying information was solicited: name of organization, address, county where organization is located, federal employee identification number (EIN), and contact information of the person completing the survey.

Age. Date of legal formation from the 990 was used to calculate the age of the organization, rounded to the nearest year. Age was a continuous variable.

NTEE Major Category. As discussed in the *Subjects* section, 501(c)3 nonprofits in 9 broad categories in 25 major groups were included as part of the study (NCCS, n.d.). This was a categorical variable.

Number of executive directors in the past decade. This variable, self-reported by the respondent, solicited an exact number of people employed as executive director in the past decade. This was a count variable.

Organizational capacity. For the present study, a measurement tool was sought that most aligned with 1) the primary goal of the study (building awareness for and identifying gaps in organizational capacity in nonprofits in persistently poor, rural southern counties); 2) all parts of a nonprofit as outlined by De Vita & Fleming (2001); and 3) the most common organizational capacity areas as suggested by Andersson et al. (2016) which includes “organizational mission

and vision; strategy and planning; program design and evaluation; human resources; board and management leadership; information and technology; financial systems and management; fund development; and marketing and communications” (p. 2865). Thus, a review of the literature was conducted, resulting in the examination of over 100 organizational capacity-measuring instruments, including those found in the Informing Change and Hewlett Foundation report (2017a). In sum, most of the existing assessments were not conducive to the present study because they took too long to complete, required multiple people to respond, or did not align with the chosen goals or frameworks for this investigation.

Upon consultation with local capacity builders, Knoxville Leadership Foundation (KLF) and ABN, they granted permission to allow the researcher to utilize their measurement tool that assesses organizational capacity and closely aligns with the selected frameworks for the present study. There are two main foci of the assessment – structural capacity and effectiveness – within 11 domains: strategic planning, board governance, legal compliance and ethics, human resources, program development, financial accountability, leadership development, fund development, community engagement, marketing strategy, and volunteer mobilization (D. Meyers, personal communication, November 14, 2019; Knoxville Leadership Foundation (KLF)/Alliance for Better Nonprofits (ABN), 2017). Each domain has a set of structural capacity questions and a set of effectiveness questions – the number of questions varies by domain. Structural capacity is meant to assess if nonprofits have basic components related to the domains; these items are dichotomous, yes or no responses. For example, in the strategic planning domain, the first item is, “Our mission and vision has been formally developed, written and posted” (KLF/ABN, 2017). These structural capacity items are answered by the executive director, or if no executive director exists, the board president. The effectiveness part is quality and values-

based with Likert-type items; this section of each domain is completed by multiple people in the organization to collect many layers of data. An example of an effectiveness item from the board governance domain is, “The board provides strong, valuable direction to the organizational leadership” (KLF/ABN, 2017). In all, there are 158 structural capacity items and 148 effectiveness items (KLF/ABN, 2017). The domains are scored separately (i.e., no total measurement score), and respondents, on average, take between one to two hours depending on their level of organizational knowledge. Once the organization’s representatives have completed the assessment, ABN meets with them to discuss the sections and identify weaknesses, which could take one or more hours depending on the number of individuals involved in the process. In 2014, ABN began to align their work with the Standards of Excellence Institute, which “aims to raise the level of accountability, transparency, and effectiveness of all nonprofit organizations” (2019, p. 3). ABN found that their organizational capacity assessment paralleled the Standards of Excellence ethics and accountability code (D. Meyers, personal communication, November 14, 2019).

ABN’s instrument and process, like many of the other tools for assessing organizational capacity, was too time-consuming and complex for the purposes of the present study. However, the structural capacity items matched the objectives of the present study, and consequently, some of these items were selected for use in the study. Using previous research and practice knowledge, the researcher narrowed the number of items, combined two domains (community engagement and marketing strategy), and added another domain, technology, based on Fink & Engel (2006). To assess for content validity, the researcher met with the ABN and KLF as well as two nonprofit scholars to discuss and revise the new instrument. Finally, the modified instrument was piloted with 10 rural nonprofits in East Tennessee counties that were not part of

the study (non-persistently poor counties) and were members of ABN. The pilot process included the nonprofits taking the online survey, which included the capacity items and demographic questions. After taking the pilot survey, the researcher interviewed the nonprofits for approximately 10 to 15 minutes to ascertain their opinions regarding accessibility, content, and item comprehension. Upon receiving feedback from experts and nonprofits in the pilot, revisions were made. The present study's final survey included:

- 2 screening questions: 1) county location of the nonprofit; and 2) role of the person taking the survey
- 9 identification information items (e.g., IRS employee identification number)
- 5 demographic questions (e.g., How long has the executive director been in their role?)
- 61 dichotomous (i.e., yes/no) items in 11 domains assessing organizational capacity:
 - Strategy & Planning: 4 items (e.g., Our organization engages in regular strategic planning [i.e., every year, every five years].)
 - Financial Systems & Management: 6 items (e.g., An organization-wide budget is prepared annually.)
 - Board Leadership: 6 items (e.g., There is a process to evaluate board leadership performance.)
 - Executive Management Leadership: 4 items (e.g., There is a succession plan in place for the CEO/executive director (paid or unpaid).)
 - Fund Development: 7 items (e.g., Our organization solicits gifts from individuals (i.e., donations).)

- Human Resources: 6 items (e.g., Our organization has a standard interviewing, vetting, and hiring processes.)
- Legal & Compliance: 6 items (e.g., Our organization maintains a regular schedule of internal compliance reviews.)
- External Relations, Communications, & Marketing Strategy: 6 items (e.g., Our organization has printed materials available for distribution.)
- Program Design & Evaluation: 6 items (e.g., Our organization obtains consumer/client feedback about the program(s).)
- Technology: 6 items (e.g., Staff have access to high-speed internet.)
- Volunteers: 4 items (e.g., The organization has a formal process for recruiting volunteers.)

Organizational life stage. Organizational life stage refers to the idea that organizations are like organisms, and through natural development process, organizations enter, go through, and reenter stages of existence (e.g., birth, death; Andersson et al., 2016). The life stage framework from Andersson et al. (2016) was utilized for this study: start-up; growth; maturity; decline; and turnaround. Organizational life stage was a self-report, categorical variable.

Tenure of current executive director. Self-reported on the survey, this variable relates to the number of years the current executive director has been in their position. This was a continuous variable.

Total organization expenses. Total expenses from the 990 is a figure that includes grants paid, benefits paid to members, salaries and benefits to employees, fundraising expenses, and other expenses. The total expenses variable was continuous.

Data Analysis

The analyses for the present study included descriptive and bivariate statistics and exploratory factor analysis. To understand the makeup of the nonprofit landscape in rural, persistently poor counties in the southern U.S., as well as generate levels of organizational capacity of survey respondents, descriptive statistics were generated using SPSS (25.0). To assess for differences between participants and nonparticipants of the survey, organizational characteristics of age and total expenses were examined using a Mann-Whitney U test in SPSS as residuals of both variables have non-normal distributions.

A missing value analysis was also completed with SPSS. On the outcome variables, 80 cases, or 27.4%, had missing values, and approximately 5% of values were missing. Further, no variable had more than 9.2% missingness with a range of 3.4 to 9.2% on the 61 outcome variables. Only cases that completed at least one domain of the organizational capacity instrument were included in the final analyses. Because the survey required respondents to complete demographic information prior to the capacity items, there were no missing data on these variables.

To assess the dimensionality of the organizational capacity assessment, an exploratory factor analysis (EFA) was performed with Mplus (8.0; Muthén & Muthén, 2017). The researcher used Mplus analysis defaults: the estimator was weighted least square mean and variance adjusted (WLSMV), goemin rotation, and oblique as the type of rotation. One to five factor solutions as well as their associated scree plots and test statistics were generated. First, the scree plots were inspected (Costello & Osborne, 2005). Then, model fit statistics were reviewed including chi-square (decreasing values better); comparative fit index (CFI; >.95 good fit); and root mean square error of approximation (RMSEA; <.05 close fit) (Bowen & Guo, 2012;

Fabrigar & Wegener, 2011). Once the best fitting model was selected, factor loadings of the items were assessed – items with factor loadings of 0.5 or greater were retained (Tabachnick & Fidell, 2007). Additionally, items with high cross-loadings – a difference of 0.2 or less – were removed as this indicated discrepancies on which factor the item best loads. To better comprehend the new factors (domains) and their respective items, the internal consistency reliability using Cronbach's alpha and correlations between the factors were analyzed.

Findings

Makeup of the nonprofit landscape in rural, persistently poor counties in the southern U.S.

In 2016, there were 3,530 501(c)3 nonprofits in rural, persistently poor counties in the southern U.S. Figure 2 in Appendix B2 provides a geographical depiction of the counties and corresponding number of nonprofits registered in each county. Table 1 in Appendix A2 provides a descriptive look into these organizations. Mississippi (19.4%), Kentucky (13.1%), and Georgia (11.2%) have the most nonprofits, respectively. The average nonprofit was 19.42 years old (range: 0-85; $SD = 15.45$, median = 16). For total organization expenses, the average was \$1,978,706.09 (range: 0-275262652; $SD = 11261452.79$). However, closer examination reveals that less than a quarter of organizations have budgets higher than \$500,000, more than 75% have budgets less than \$500,000, 46% have budgets less than \$100,000, and almost 29% have less than \$50,000. The largest NTEE major categories are human services (39.3%), education (15.4%), and health (13.3%). As many of the challenges faced in the South are socially-oriented, a dissection of the major groups in the human services category was conducted: Crime and legal-related (I) – 1.6%; Employment (J) – 0.9%; Food & Nutrition (K) – 1.8%; Housing and shelter (L) – 6.8%; Public safety, disaster preparedness and relief (M) – 4.8%; Recreation and sports (N) – 4.7%; Youth development (O) – 3.6%; and other Human Services (P) – 15.0%.

Organizational capacity of nonprofits located in rural, persistently poor counties in the southern U.S.

Descriptive statistics of respondents

The second research question sought to examine the organizational capacity of rural nonprofits in persistently poor counties in the South. Table 1 in Appendix A2 displays demographic statistics of the 292 organizations that completed all demographics and at least one domain of the organizational capacity measurement. Each of the 14 Southern region states with persistently poor counties was represented in the sample; Mississippi, Kentucky, and Georgia had the highest number of respondents respectively. Of the 292 counties in the population of interest, there were nonprofits from 156 counties that participated as shown in Figure 3 in Appendix B2. The average responding nonprofit was a human services organization, approximately 21 years old (range: 0-74 years; $SD = 15.27$), and in the maturity life stage. Participating organizations had about three executive directors in the past decade (range: 1-11; $SD = 1.56$), and the current executive director had nearly 11 years of experience in their position (range: 1-48; $SD = 8.62$). The average total expenses per organization was \$1,638,031.52 (range: 0-108,515,204; $SD = 8,157,162.33$).

Considering differences between participants and nonparticipants, organizational characteristics of age and total expenses were examined using a Mann-Whitney U test as both variables have non-normal distributions. Age for participants (mean rank = 1904.01) was significantly higher than nonparticipants (mean rank = 1753.01), $U = 513194$, $z = 2.426$, $p = .015$. For total expenses, participants had higher mean rank (mean rank = 1935.73) than nonparticipants (mean rank = 1750.15), $U = 522451$, $z = 2.98$, $p = .003$.

Organizational capacity

The initial organizational capacity instrument consists of 11 domains: board leadership; executive management leadership; external relations, communications, and marketing; financial systems and management; fund development; human resources; legal and compliance; program design and evaluation; strategy and planning; technology; and volunteers. Each domain is measured individually; a total score for all domains is not considered. The raw scores of the 11 original organizational capacity domains were converted to percentages, with higher scores indicating higher capacity. Figure 4 in Appendix B2 illustrates the percentage scores across domains.

Board leadership. The board leadership domain consisted of six items and evaluated the recruitment, involvement, and evaluation of board members in a nonprofit. On average, nonprofits scored about 81% (range: 16.67-100; $SD = 15.91$) on the board leadership domain. Nearly 98% of nonprofits meet their bylaw requirements in terms of number of board members, and over 96% of organizations indicated these members have backgrounds and/or skill sets that are diverse. Regarding written roles and responsibilities for board members, almost 90% of organizations affirmed their existence, while about 87% noted they had formal processes to invite, nominate, and orient new members. Participating nonprofits felt they had very active board members with 88.9% stating that board members were involved in activities outside of regular meetings such as fundraising and attending events. Finally, only a quarter of nonprofits had a process for evaluating the performance of board members.

Executive management leadership. Consisting of four items, the executive management leadership domain assessed the backgrounds and processes of the leadership team (paid or unpaid) in the organization. Nonprofits, on average, scored 70.85% (range: 0-100; $SD = 24.92$) on this domain. Nearly 94% of organizations had a leadership team with diverse skills, expertise,

and backgrounds. About 92% of nonprofits had a standard process for making major decisions, while fewer— 61.1% — had a formal evaluation process for the executive leadership team. Slightly under 37% of nonprofits had a succession plan in place for the president or executive director (paid or unpaid positions).

External relations, communications, and marketing. The external relations, communications, and marketing domain was comprised of six items that surveyed nonprofits' connections with their stakeholders. The average total score on this domain was 86% (range: 0-100; $SD = 18.93$). Most nonprofits (94.6%) believed that their communities have knowledge of their services. Many nonprofits had both printed materials (83.2%) and an updated website (79.2%) that conveyed their core messages. Regarding social media, about 78% of nonprofits utilize platforms such as Facebook on a regular basis. Considering partnerships and collaboration, about 94% of nonprofits partner with other organizations to help meet their missions, and most (89.5%) have staff and board members who attend community meetings to support others, stay informed, and garner backing for their organizations.

Financial systems and management. The six-item domain examined the systematic financial procedures in place. Organizations recorded scores of approximately 84% (range: 0-100; $SD = 20.20$) in this domain. Regarding the creation of an annual budget, slightly more than 84% engage in this practice, and almost 95% have an established fiscal year in which they do regular tracking and reporting. Over 86% of nonprofits tend to use accounting software to record and report financials with Generally Accepted Accounting Principles (GAAP), while almost 70% receive audits from independent certified public accountants (CPAs). Pertaining to “internal controls” policies, more than 85% of organizations have these written and follow them accordingly, and the same amount assess risk management issues annually.

Fund development. This seven-item domain explores the fundraising activities in nonprofits. The mean score for the fund development domain was 65.84% (range: 0-100; $SD = 25.65$). Slightly more than 45% of nonprofits indicated that they had a written fundraising plan with at least two types of funding streams. Most organizations solicited gifts from individuals (87.4%) and businesses (83.5%); just over half had plans that included major gifts, planned giving, and/or endowments. Approximately 54% of nonprofits conduct well-planned fundraising events that maximize return on investments. Regarding grants, about 70% of nonprofits had both access to finding government, foundation, and corporate opportunities as well as a successful track record of obtaining grant funding.

Human resources. The human resources domain, comprised of six items, examined issues related to employee recruitment, management, and evaluation and generated an average score of 65.45% (range: 0-100; $SD = 34.59$) among nonprofit participants. Concerning potential and new employees, about 57% had a standard process for recruiting diverse applicants, while 66.2% had standard interviewing, vetting, and hiring procedures. About 75% of nonprofits had both a written policies and procedures manual in addition to clear job descriptions for each current and new position. Fewer nonprofits (55.2%) had an annual performance review for each employee and regular professional development for staff (63.2%).

Legal and compliance. The six-item domain of legal and compliance assessed adherence to nonprofit laws as well as risk management issues. Overall, participating nonprofits scored 82.52% (range: 50-100; $SD = 17.97$) on this domain. All organizations (100%) indicated that they are registered with all applicable authorities and submit required state, federal, and other reports essential to maintain tax-exempt status. Nearly all (99.6%) of nonprofits complied with all federal and state disclosure laws. Less organizations maintain a regular schedule of internal

compliance reviews (76.6%). Further, only half of participating organizations had a whistleblower policy in place that was known to staff and boards, and about 67% had written codes of conduct.

Program design and evaluation. The program design and evaluation domain examined the processes utilized to design and evaluate programming in their organizations. This domain consisted of six items, and the mean score for participating nonprofits was 78.85% (range: 0-100; $SD = 27.58$). When designing new programs, about 75% of organizations conduct research to establish a need for the proposed services. Similarly, more than 79% of organizations consider current research when constructing new programs and monitoring established ones. Regarding evaluation, roughly 79% of nonprofits noted that they established key outcomes—changes that are anticipated as part of participation. Almost 80% track the number of individuals served, frequency of services, and people who complete or no longer need programming. Further, most organizations (77.9%) collect consumer feedback about services as well as demonstrate outcomes using data and stories about how programs made a difference (81.3%).

Strategy and planning. This domain, which consisted of four items, measured capacity related to strategy and planning such as engaging in strategic planning and the presence of mission, vision, and values. Nonprofits scored an average of 74% (range: 0-100; $SD = 22.62$) in Strategy & Planning. Examining the items individually, organizations noted that they had developed, written, and posted their missions (84.2%); visions (74.8%); and values (67.9%). Further, nearly 70% of organizations engaged in regular strategic planning.

Technology. The technology domain evaluated organization staff access to technology, such as software, hardware, and internet, as well as uses of technology (e.g., networking). The mean score on this domain was 79.29% (range: 0-100; $SD = 25.63$). Nearly 91% of nonprofit

staff had access to reliable phone, voicemail, email, computers, internet, and printers. Similarly, most staff (89%) had access to software to meet the needs of their roles. Concerning high-speed internet, over 87% of organization had access for staff. Regarding technology usage in nonprofits, about 59% linked computers to a network, 66.4% utilized a separate storage system for backups, and almost 84% employed updated virus software on all computers and servers.

Volunteers. The volunteer domain, which contained four items, examined processes of recruitment and retention. Participating nonprofits scored on average 44.22% (range: 0-100; $SD = 38.73$) on this domain. Less than half (45.2%) of organizations had a formal process for identifying the need for volunteers. Even fewer organizations had processes for recruiting (37.7%) and assessing volunteer strengths and skills (33.8%). Regarding recognition of volunteers, more than 60% had formal recognition procedures in place.

Emerging domains of organizational capacity

Prior to the EFA being conducted, distributions of item responses were reviewed, and those with minimal variability (10% or less; e.g., 90% yes/10% no responses on an item) were removed (15 items). Thus, there were 46 items included in the EFA. Upon reviewing the scree plot and goodness-of-fit statistics as well as considering theoretical frameworks, a four-factor solution of organizational capacity emerged ($\chi^2 = 988.757$ [815], $p < .001$; CFI = .97; RMSEA = .03 [90% CI = .020, .033]). Items with less than .5 factor loadings (5 items) and those with cross-loadings of .2 or less were removed (5 items), leaving 36 total items in the measurement. The four new domains were named Organizational Identity (3 items; scores 0-3; $\alpha = .83$), Fund Development (4 items; scores 0-4; $\alpha = .69$), Volunteers (3 items; scores 0-3; $\alpha = .82$), and Organizational Procedures (26 items; scores 0-26; $\alpha = .91$). The Organizational Identity, Fund Development, and Volunteers Domain were treated as ordinal scales, with higher levels

indicating higher capacity. The Organizational Procedures scale were treated as continuous, with higher scores signifying higher capacity. Table 2 found in Appendix A2 illustrates the factor loadings for the items in each domain as well as description from which prior domain the items originated. Factor loadings ranged from .536 to .892. Table 3 found in Appendix A2 provides the correlations among the four domains as well as an example item for each domain. Though there were several statistically significant correlations, most correlations were in the low to moderate range suggesting that these are relatively independent.

Limitations of the Present Study

The present study is not without limitations. First, there are many ways to measure ruralness – both official and unofficial and all with benefits and consequences (Walters, Jones, & Brown, 2019). This investigation employed the USDA ERS definition of nonmetro, which includes counties of up to 50,000 residents (2017b). Utilizing another definition of rural could elicit different findings. Nonetheless, this definition is frequently used by government agencies for policy and programming and aligns with persistently poor county data produced by the USDA ERS that were the focus of this study. Second, the study used a measure that has not been previously employed in other studies, raising validity issues. Nonetheless, the tool was piloted with rural nonprofits in the South and experts in capacity building were consulted. Further, the EFA demonstrated good model fit with the data. Another limitation of the instrument is its self-report nature. It is possible that responses are invalid due to social desirability and interpretation challenges (i.e., misunderstanding the meaning of an item or domain). Considering the measurement limitations, the organizational capacity tool should be tested further with more rural nonprofits in the South as well as in different regions for comparison.

Additionally, the NCCS/IRS data from which nonprofits were selected could be flawed, particularly with addresses, and thus, the study may have omitted or included organizations that did not meet criteria (McDougle, 2015). However, these data are the best available in terms of access – other than handpicking data from each organization which is time consuming and cost prohibitive. The study also leaves out nonprofits that have expenses who are not required to submit an IRS 990 form. Many organizations with smaller budgets still opt to complete a 990 for transparency and reporting purposes (as evidenced by the present sample), but there is an unknown number of organizations that fall into this category. If more funding and time were accessible, cross-referencing NCCS/IRS data with state registries might be an option to increase accuracy of data and include smaller organizations.

Regarding generalizability, the study generated a poor response to the survey despite efforts to use total population sampling and multiple contact methods. Also, the organizations were significantly larger and older than non-respondents, and therefore, these organizations may have higher organizational capacity than non-respondents. For example, scores on the External Relations domain (communication and connections with stakeholders) were very high in the study sample, but within the population, less than half had discoverable methods for online contact. For future studies, adding recruitment methods, such as telephone surveys or postcard reminders, might increase participation. While the sample is small and potentially biased, the study provides knowledge regarding rural nonprofit capacity that is much needed and serves a foundation for future research.

Discussion

The present study sought to establish a foundation of knowledge regarding the characteristics and organizational capacity of nonprofits in rural, persistently poor counties in the

Southern region of the U.S. The demographics and geography of all 3,350 registered 501(c)3 nonprofits in 252 rural counties who had submitted a 2016 990 IRS tax form were explored. Surveys with organizational-level questions and organizational capacity items were sent to these organizations with valid mailing and/or email addresses. The responses of 292 nonprofits were utilized in the final analysis which examined selected organizational characteristics, levels of organizational capacity, and domains that emerge when measuring capacity in rural nonprofits in the South.

Characteristics of Nonprofits in Rural, Persistently Poor Counties in the South

Descriptively examining all 3,350 public-serving nonprofits in rural, persistently poor counties in the South, these organizations may be younger and have lower expenses than the average U.S. nonprofit with a median age of 16, and more than 75% had expenses under \$500,000. In comparison, the average U.S. nonprofit had a median age of 20 (McClean, 2014), and about 67% had expenses less than \$500,000 (McKeever, 2018). Nonprofits that are younger and smaller may have more problems with various types of organizational capacity (Andersson et al., 2016; Yung et al., 2008) and may not respond to capacity building initiatives in certain areas as well as older and bigger nonprofits (e.g., Despard, 2016b). Therefore, it is conceivable that, overall, nonprofits in the area of interest may have lower organizational capacity than in other geographical areas. Conducting national studies with Census-region comparison might provide a better understanding of geographical disparities in organizational capacity which might assist in funding and assistance decisions.

Considering the dispersal of nonprofits in the region, Mississippi, Kentucky, and Georgia had the most nonprofits, while Virginia, Florida, and West Virginia, and Tennessee had the fewest. Figure 2 in Appendix B2 shows that most persistently poor, rural counties in the South

have 0 to 9 registered nonprofits. With the exception of Maryland, all states in the Southern region have a higher than U.S.-average poverty rate, and most states have rural poverty rates nearing or more than 20%. With few organizations to serve these areas, needs of residents and communities are going unmet as evidenced by the increased concentration of persistent poverty in the South over the last two decades (USDA/ERS, 2019a; Weber & Miller, 2017). Of particular concern is Louisiana which has the highest rural poverty rate in the South (USDA/ERS, 2019b) and fewer than 10 percent of the nonprofits in the region. Previous research has indicated that increased numbers of and diversity of nonprofits can be found in wealthier places (Grønbjerg & Paarlberg, 2001), but more research is necessary to explore statistical differences among states as well as the association of poverty level with the number of nonprofits – especially human services-oriented organizations.

Most of the 501(c)3 nonprofits in the South region are human services-oriented. With the South experiencing the highest rates of persistent poverty in the U.S. (ERS, 2019a), increased rates of unemployment (NRHA, n.d.), the largest percentage of food insecure counties in the U.S. (Hester, 2017), and significant housing problems for minority residents (Housing Assistance Council, 2012), having organizations geared towards meeting socially-oriented needs is critical. However, while employment and food security are two major challenges for the region, there are few nonprofits in these categories. There are possible explanations for these perceived gaps that require more investigation. First, there are small nonprofits with budgets under \$50,000 and are not required to submit 990s to the IRS who are performing these services for communities. Or, organizations registered under the “P – Human Services” group (e.g., nonprofits like YWCA) or churches that are registered under a different IRS code may be fulfilling these needs. Finally, there could be larger organizations in metropolitan areas whose

reach extends to surrounding rural counties. Nonetheless, hunger and joblessness are serious problems related to persistent poverty, and to ensure these services are being provided, further research is necessary.

Also related to the NTEE category data, fewer organizations exist with missions linked to the environment and animals as well as arts, culture and humanities. With arts, culture, and humanities-driven nonprofits, most people in the U.S. do not attend a performing arts event or visit an arts-type facility in an average year (Sidford & Rabkin, 2014). If people, like many in the South, are struggling to keep a roof over their heads and food on the table, it is unlikely that they are financially capable of participating in these leisurely events and likely missing out on cultural opportunities. However, these organizations and their contributions are important to society: "... They spur creativity and imagination; stimulate empathy and help people make meaning; enlarge tolerance for complexity; deepen cross-cultural understanding; encourage discipline and teamwork...contribute to communities' physical and psycho-social well-being" (Sidford & Rabkin, 2014, p. 3). Regarding the lack of environment and animal type nonprofits, the absence of these organizations may be evidence of lack of environmental consciousness among residents in this region as noted in other research (e.g., Deutsch et al., 2009), which is problematic as researchers agree that climate change is evident and caused by human activity (NASA, 2019). Certainly, both areas – arts and climate topics in the nonprofit sector in the South – are worthy of future enquiry.

Organizational Capacity

Original Domains – Strengths & Challenges

The organizational capacity instrument measured what KLF and ABN consider basic structural components and enhances awareness of potential strengths and weaknesses in the

organization's infrastructure. Overall, rural nonprofits scored moderate to high in most of the 11 original organizational capacity domains on the assessment as noted in Figure 4 in Appendix B2, demonstrating many strengths. Organizations indicate that they are recruiting board members and executive leaders with diverse backgrounds who are active in their roles. Communication and collaboration with stakeholders, including other nonprofits and government agencies, is occurring in various forms. Financial management systems are present. Strategic planning is being conducted, and organizations have an established identity through their mission and vision. These organizations have also diversified their fundraising strategies. Finally, programming is planned according to established community needs and evaluated in multiple ways including client feedback. The results contradict some previous reports (e.g., Clyburn, 2014; Klein et al., 2009) that rural nonprofits may not have sufficient organizational capacity. Even so, as noted in the limitations, the organizational capacity assessment is self-report, and organizations may not report accurately because of lack of knowledge regarding capacity areas or fear of being perceived poorly (e.g., Informed Change, 2017a; Klein et al., 2009; Minzner et al., 2014). Some capacity deficits and challenges were identified among these rural nonprofits which are described below. For capacity builders and funders, these are areas in which capital could be invested.

Board leadership. Board member performance evaluation was the lowest-scoring item on the assessment with only 25% of nonprofits engaging in the process. This is half of the number of nonprofit boards reported to engage in self-evaluation as noted by BoardSource, a worldwide expert in board development (2017). They suggest conducting performance evaluation at least every two years as it will ensure members recognize their responsibilities and engaging in best practices related to governance (BoardSource, n.d.). Thus, few nonprofits in the

present sample have empirical data regarding the performance of board members, which may impact other areas of organizational capacity.

Executive management. Just over a third of nonprofits were planning for the successions of their leaders, though more than the 27% that BoardSource reports for nonprofits in the U.S. and abroad (2017). Engaging in succession planning for top leaders will help avoid potential losses in institutional data or funding (National Council of Nonprofits, n.d.a.). The respondents of the current study report an average of three executive directors over a ten-year span, and with little succession planning occurring, a high likelihood exists that challenges occur because of the changes in leadership.

Fund development. In the Fund Development domain, which was the third-lowest score overall, the most significant challenges related to planning as well – specifically developing fundraising plans and quality fundraising special events. Fundraising plans are essential for success in sustainability of programming, which is especially important to funders (Karsh & Fox, 2014). Diversifying sources of income, as opposed to relying on a few funders, may be the key difference in nonprofits shuttering their doors (Benefield & Edwards, 1998). In the present sample, most nonprofits were asking for money from various sources (e.g., businesses, individuals, and grant funders), but perhaps, with the lack of planning in half of the organizations, solicitations are not coordinated. As Walters (2019) notes, however, nonprofits in rural areas may not have enough staff or knowledge to effectively plan and implement fundraising strategies.

Human resources. Related to the Human Resources domain, the second-lowest score overall (though still moderate), two items were potentially problematic: a little less than half were not conducting performance reviews and only 37% were providing regular professional

development for staff and volunteers. Research indicates that annual performance reviews may not be a useful way to measure effectiveness of an employee as ratings are subjective, have insufficient criteria for evaluations, and have varying impact of feedback on employee behavior change (Adler et al., 2016). Though not perfect, performance evaluations do allow for fairness and transparency for purposes of promotions and salary adjustments (Goler, Gale, & Grant, 2016). For rural nonprofits, especially those small or one-person shops, conducting performance evaluations could be challenging or even not possible because time, staff or board members, and knowledge of the process may be limited. Lack of professional development can also be troublesome. Particularly in rural nonprofits in counties where resources are limited, nonprofit staff (e.g., social workers) are often expected to handle a variety of issues with clientele and serve in numerous roles other than the one assigned to them – thus competence is necessary (Humble, Lewis, Scott, & Herzog, 2013).

Legal and compliance. Fifty percent of rural nonprofits in the sample did not have whistleblower policies. Whistleblower policies protect employees from reprisal should they report financial mismanagement according to federal law, though policies could also include elements related to operations and activities (National Council of Nonprofits, n.d.b.). While it is recommended that nonprofits adopt them, whistleblower policies are not required (National Council of Nonprofits, n.d.b.). Adopting a new policy such as this may require drafting of and review by a nonprofit lawyer as well as going through several bureaucratic steps according to bylaws – many small nonprofits (like those in the current sample) may not have the time or funds for such a process despite the fact that such a policy might protect them in the future.

Volunteers. The Volunteers domain was the lowest-scoring domain among the rural nonprofits in the present study. While many nonprofits noted that they were recognizing

volunteers for their contributions of time and effort, most were struggling with identifying volunteer needs in the organization, recruiting volunteers, and assessing strengths and skills of volunteers. For rural nonprofits that are small and resource-limited, volunteers are critical to meeting organizational goals. Previous research on volunteer capacity in rural nonprofits is limited (Walters, 2019). One study indicates, however, that volunteer management was a strength for the rural organizations in their sample (Klein et al., 2009), while another confirmed the struggle to recruit (Edwards et al., 2014). In nonprofits in rural, persistently poor counties, residents may not have the extra time to give as they are working or caring for their families. Or, conceivably, people in these communities do not know the value of volunteering or have proper transportation. On the organization side, explanations could be that they are not recruiting the right people, asking in the right way, or not at all due to lack of time, knowledge, or funds. One solution may be targeting retired seniors to assist in nonprofits as they have the time and a desire to use their skills and knowledge for good (Helseth, 2014). Another report suggests rural nonprofits use current volunteers who are excited about the cause to recruit new ones (Comp, Fehr, & Campbell, 2012).

Post-EFA Organizational Capacity Domains

The EFA resulted in four organizational capacity domains with 36 items parred down from the original assessment which had 11 domains and 61 items. The four domains were Organizational Identity (who is the organization and what does it do); Fund Development (fundraising practices); Volunteers (volunteer practices); and Organizational Procedures (operations and function related to human resources, technology, legal and compliance, program design and evaluation, executive and board leadership, and financial systems). The domains identified in the EFA were aligned with those in other instruments, and though on the lower end,

the number of capacity areas and items identified were within the ranges found in the Informing Change report (2017a; 2017b). Several of the items that were removed would be considered very basic to nonprofit operations, such as having an established fiscal year or having the number of board members as required in bylaws. Additionally, an entire domain, External Relations, Communications, & Marketing Strategy, was removed. Compared to non-respondents, the responding organizations were older with larger bottom lines and had high levels of capacity in most domains, and thus, it seems that the most basic items and even some of the more complex items (like External Relations) were superfluous in the instrument for this sample. However, if younger or smaller organizations were to respond, the outcomes on the EFA might have been different. Additional research is needed to test the utility of the instrument with rural nonprofits with various budgets and age.

The dichotomous nature of the items, as well as the content of the items that remained after the EFA, create a rudimentary awareness for gaps in capacity areas, which is the foundational level of capacity assessment according to Informing Change (2017a) *and* KLF/ABN (D. Meyers, personal communication, November 14, 2019). The information gained from the assessment can provide organizations, capacity builders, and funders with direction to which capacity domains may need the most attention immediately. What is not obtained from the assessment is the quality or effectiveness within each domain. For example, fundraising with donors is occurring, but how successful are those efforts? To get these data, more in-depth assessments of organizational capacity would be necessary, and as noted previously, these processes are costly and time-intensive, though very important to improving capacity functions.

Conducting the EFA opens up a dialogue about how to best measure organizational capacity while considering spatial and geographical differences. The study did not allow for

closer examination of contextual factors related to operating in a rural area (e.g., isolation) that might affect organizational capacity in nonprofits. What is already known and used in practice is the prescriptive form of organizational capacity assessment, but what is missing is the knowledge about operating a nonprofit in a rural area that impact the solutions prescribed. Future research, especially qualitative studies, should be considered that might provide additional evidence that organizational capacity and its measurement might look different for rural nonprofits.

Conclusions

The rural South has a past fraught with economic and social challenges that, to the detriment of its residents, have continued into the present day. With nearly all persistently poor counties being rural and located in the South, the region is experiencing dramatic income inequalities that are impacting everyday living including food, shelter, and health. Nonprofits serve as a major safety net in the U.S. improving the quality of life for all (e.g., Edin & Lein, 1998; Guo, 2010). Few studies have been conducted on rural nonprofits – even less with a focus on their organizational capacity. This study contributes to minimal existing literature on rural nonprofits in the U.S. by exploring their characteristics and organizational capacity. Further, various gaps in rural nonprofit research as identified by Walters (2019) have been addressed in the present investigation including building awareness for the strengths and weaknesses related to organizational capacity as well as examining measurement of organizational capacity. Targeting an especially vulnerable area, the geographic focus of rural, persistently poor counties in the South contributes to the scarce literature on persistently poor counties and the organizations that provide valuable services to their residents.

The findings from this study reveal that there are many rural, persistently poor counties in the South with few nonprofits. Accordingly, a basic inquiry arises – who provides services that

help enhance the quality of life? More research is necessary to understand if service gaps exist, particularly with employment and nutrition. In the effort to build a foundation of knowledge regarding rural nonprofit organizational capacity, the present study found several strengths. This signifies that rural nonprofits in the area of interest have many foundational components that the capacity literature identifies as critical (e.g., strategic planning; finance accountability).

However, there were domains of capacity that may be lacking including board member and employee evaluation, succession planning, fundraising planning, training, human resources policies, and volunteer recruitment and management. The Volunteers domain is a prominent concern. With many rural nonprofits being small operations, they likely depend on the time and efforts of volunteers. These weaker areas of capacity provide a starting point for capacity builders and nonprofit management support organizations to craft intentional training and education opportunities for rural nonprofits. Further, findings from this study are important as policy makers consider funding programs for persistently poor counties and using local nonprofits to implement them. In light of the study limitations, several areas of future research have been identified. Nonetheless, this study is a platform from which future research can be shaped about rural nonprofits.

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Appendix A2: Tables

Table 1

Descriptive Characteristics of All Nonprofits & Study Participants

Organizational Variable	All Nonprofits (N=3,530) % or Mean (SD)	Participants (n=292) % or Mean (SD)
Age, years ¹	19.42 (15.45)	21.15 (15.27)
NTEE Major Category ^{1,2,3}		
Arts & Culture (A)	7.7	11.0
Education (B)	15.4	13.7
Environment & Animals (C, D)	4.2	7.9
Health (E, F, G, H)	13.3	11.0
Human Services (I, J, K, L, M, N, O, P)	39.3	36.7
International & Foreign Affairs (Q)	.5	.3
Public Society Benefit (R, S, T, U, V, W)	11.4	12.2
Religion (X)	7.9	6.8
Mutual	.2	.3
Benefit/Membership (Y)		
Unknown/Unclassified (Z)	.1	
State		
Alabama	7.8	8.2
Arkansas	4.8	4.1
Florida	1.4	2.4
Georgia	11.2	10.6
Kentucky	13.1	14.4
Louisiana	9.3	8.9
Mississippi	19.4	16.8
North Carolina	7.6	8.9
Oklahoma	4.5	4.8
South Carolina	7.1	5.8
Tennessee	2.7	4.1
Texas	7.8	6.5
Virginia	1.2	2.7
West Virginia	2.1	1.7
Total organization expenses ¹	1,978,706.09 (11,261,452.79)	1,638,031.52 (8,157,162.33)
Number of executive directors in past 10 years		2.99 (1.56)
Tenure of executive director		10.72 (8.62)
Organizational life stage		
Startup		2.4
Growth		22.9
Maturity		59.6
Decline		3.4
Turnaround		11.6

1-Information from 2016 IRS 990s; 2-Due to rounding, total does not equal 100; 3- Letters represent major groups in NTEE system

Table 1. Descriptive Characteristics of All Nonprofits & Study Participants. This table shows descriptive statistics for all rural nonprofits and for participating organizations in persistently poor counties in the Southern region of the U.S.

Table 2

Exploratory Factor Analysis – 4-Factor Solution

Items/Organizational Capacity Domains	Factor 1 – Org. Identity	Factor 2 – Fund Development	Factor 3 - Volunteers	Factor 4 – Org. Procedures
SP1	.892			
SP2	.843			
SP3	.727			
FD2		.837		
FD3		.788		
FD4		.741		
FD5		.693		
V1			.763	
V2			.722	
V3			.715	
SP4				.573
FS1				.678
FS2				.545
FS5				.732
FS6				.652
BL4				.554
BL6				.680
EM3				.768
EM4				.646
HR1				.843
HR2				.838
HR3				.814
HR4				.807
HR5				.742
HR6				.785
LC3				.648
LC5				.732
LC6				.748
PD1				.560
PD2				.740
PD3				.687
PD4				.674
PD5				.579
PD6				.682
T4				.536
T5				.580

SP – Strategy and planning; FD – Fund development; V – Volunteers; FS - Financial systems; BL – Board leadership; EM – Executive Management; HR – Human resources; LC – Legal and compliance; PD – Program development; T - Technology

Table 2. Exploratory Factor Analysis – 4-Factor Solution. This table provides the factor loadings from the exploratory factor analysis for each of the four newly emerged domains related to organizational capacity. Additionally, the original domain from each item is noted in the first column.

Table 3

New Organizational Capacity Domain Correlations & Item Examples

Organizational Domains	Domain 1 – Org. Identity	Domain 2 – Fund Development	Domain 3 – Volunteers	Domain 4 – Org. Procedures
Domain 1 – Org. Identity	1	.115	.257**	.327**
Ex. SP1: All of these tasks have been accomplished for our mission: developed, written, and posted.				
Domain 2 – Fund Development	.115	1	.217**	.094
Ex. FD2: Our organization solicits gifts from individuals.				
Domain 3 – Volunteers	.257**	.217**	1	.346**
Ex. V1: Our organization has a formal process for identifying the needs for volunteers across our organization.				
Domain 4 – Org. Procedures	.327**	.094	.346**	1
Ex. FS1: An organization-wide budget is prepared annually.				

**Correlation significant at $p < .001$ level.

Table 3. New Organizational Capacity Domain Correlations & Item Examples. This table shows the correlations between the newly emerged organizational capacity domains as well as examples of items within each domain.

Appendix B2: Figures

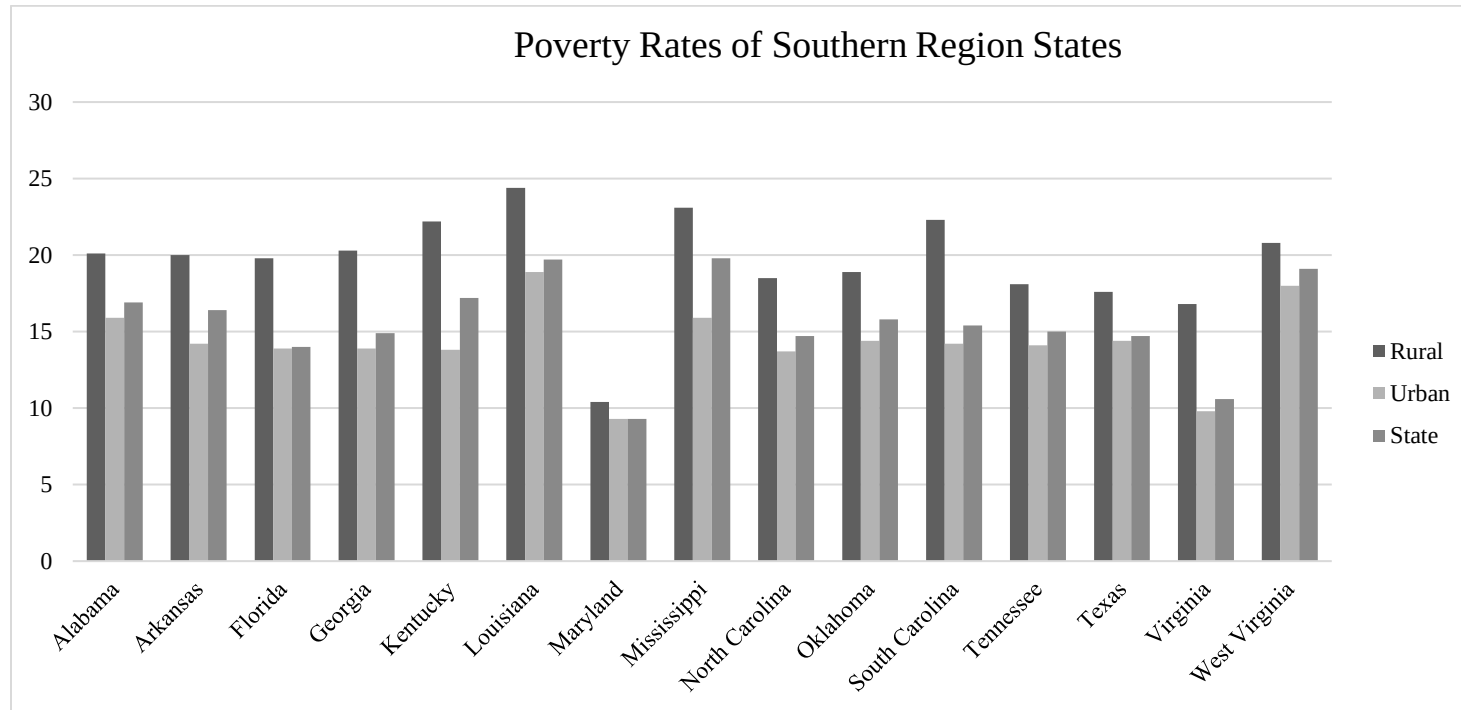
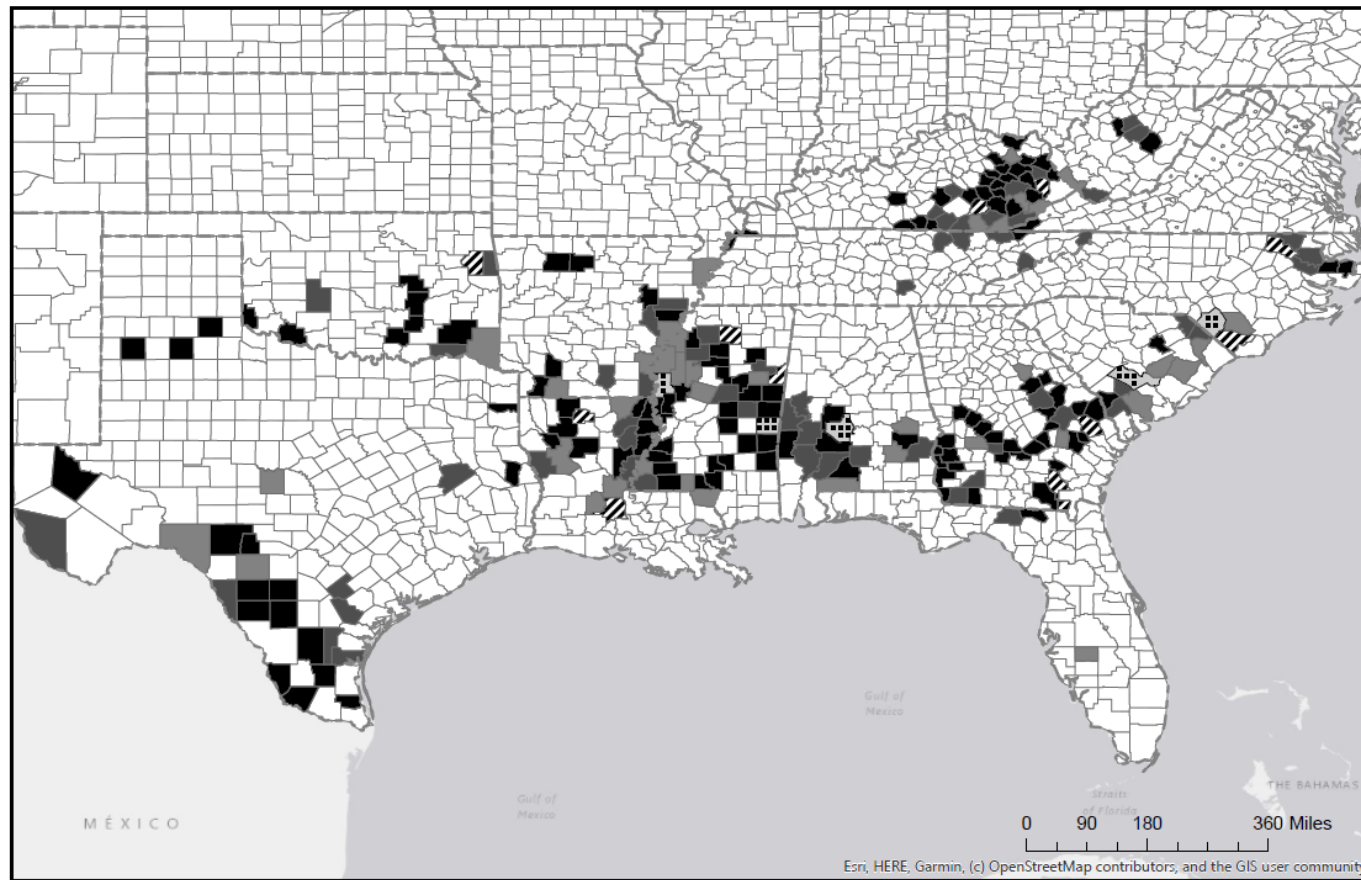


Figure 1. Poverty Rates of Southern Region States. This figure illustrates the poverty levels for Southern region states by rural, urban, and entire state. Data for this figure is from the American Community Survey 2017 (USDA/ERS, 2019b). To compare, the average U.S. poverty rates are 16.4% for rural, 12.9% for urban, and 13.9% overall (USDA/ERS, 2019b).



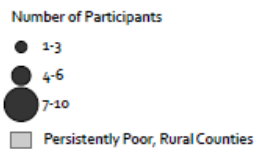
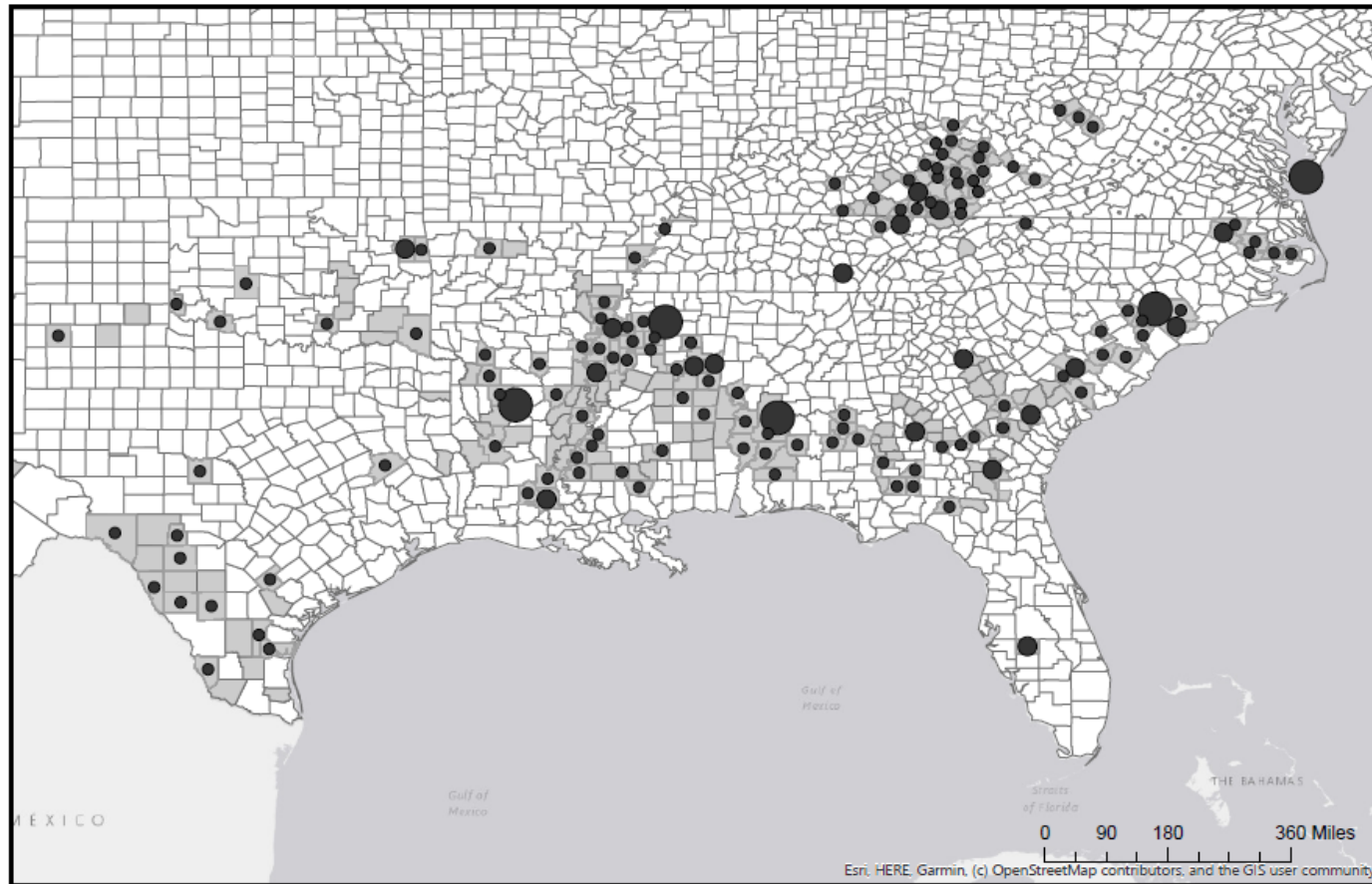
Number of Nonprofits

- 1-9
- 10-19
- 20-39
- ▨ 40-59
- ▩ 60-85

501(c)3 Nonprofits Located in Persistently
Poor, Rural Counties in the South Region
N = 3,530



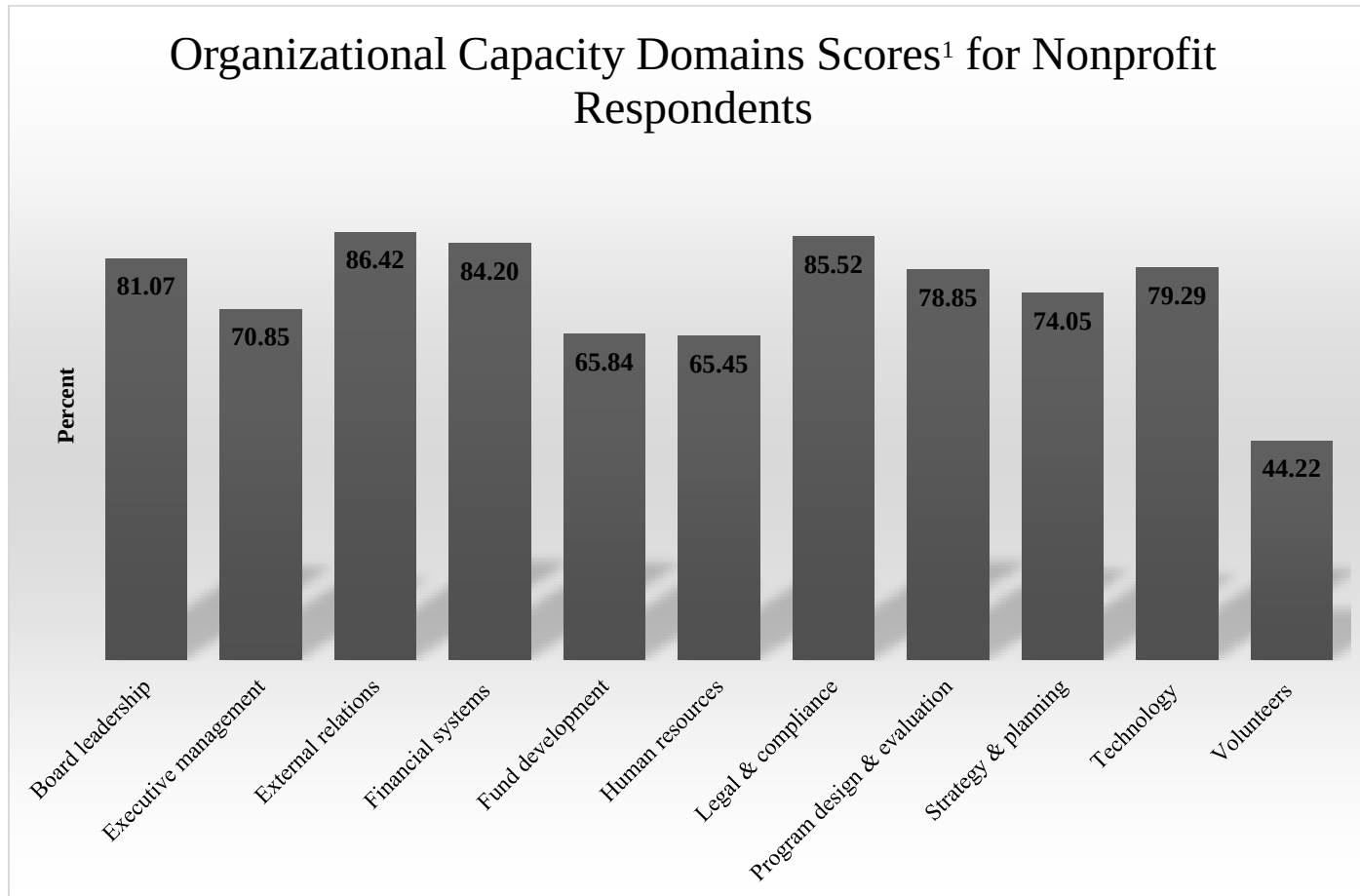
Figure 2. 501(c)3 Nonprofits in Area of Interest. This figure provides a geographical depiction of the persistently poor, rural counties in the South region and the corresponding number of nonprofits registered in each county.



Number of Participating Nonprofits
N= 292



Figure 3. Locations of Participating Nonprofits. This figure illustrates the geographic location and the number of responding organizations to the organizational capacity survey. The gray counties without dots indicate counties that had zero participants.



1-Raw scores transformed into percentages for comparison across domains.

Figure 4. Organizational Capacity Domain Scores. illustrates the overall scores in percentages of the 11 original organizational capacity domains measured.

CHAPTER IV:
MORE THAN MEETS THE EYE: ORGANIZATIONAL CAPACITY OF
NONPROFITS IN THE POOR, RURAL SOUTH

Abstract

Background: Nonprofits serve a valuable purpose in the United States (U.S.) by providing services to address difficult social problems. Nonprofits have a great impact on society, and society also influences nonprofits. The physical, social, economic, and political contexts in which organizations operate influence their mission and the resources available to accomplish it – including organizational capacity which are the mechanisms that nonprofits use to carry out their stated purpose (e.g., funding and staffing). Being part of a rural community has positive and negative aspects for nonprofits. However, further exploration is necessary to understand the effect of rurality on nonprofits and their organizational capacity. Informed by Systems Theory and Critical Rural Theory, the current study examines organizational capacity of rural human service organizations by uncovering strengths and challenges in a particularly vulnerable area of the U.S. – rural, persistently poor counties in the South. The study also considers the impact of the environmental context. **Methods:** Through a qualitative, multiple case study approach, nine human service organizations located in rural, persistently poor counties of Georgia, Kentucky, and Mississippi were studied. Semi-structured interviews with high-level administrators were utilized to collect data. Thematic analysis was employed. **Results:** Organizations were especially skilled at enduring change in their communities, problem-solving and innovation, worker retention, fundraising, financial accountability processes, and partnership with local and non-local organizations. Several challenges were also revealed: formal assessment and evaluation, communications quantity, volunteer and staff recruitment, and minimal formal planning. The communities presented barriers such as racism, poverty, limited pool of worker prospect, transportation, rugged individualism, tradition, trust and relationships, and the “Good Old Boy”

system. **Conclusions:** The present study provides connections between environmental contextual factors and organizational capacity that have been explored minimally. Identifying barriers, strengths, and weaknesses will allow for additional focused research on these areas. Informing policy and practice with these findings is critical to addressing systematic problems of underinvestment in rural areas, persistent poverty, and racism. Without knowledge, funders can develop misperceptions and make mistakes in allocations. Capacity builders can utilize these findings to guide their work with rural nonprofits and become more prescriptive in their education efforts.

Introduction

Nonprofit organizations are integral to the functioning and well-being of society – they are “dedicated to mobilizing private initiative for the common good” (Salamon, 2003, p. 2). While nonprofits impact society, society also impacts nonprofits. The context in which nonprofits exist, including the physical, social, economic, and political environments, determines their focus and the resources available to them, which ultimately influences their success or failure (Aldrich, 1979). Consequently, operating a nonprofit in a rural area of the United States (U.S.) brings forth unique assets and problems (Neuhoff & Dunckelman, 2011). The positive perceptions around rural life are grounded in real strengths: resilient relationships among people, fewer daily annoyances (e.g., traffic, noise), opportunity to appreciate and use nature, and a willingness to work hard and make the best of accessible resources (Scales, Streeter, & Cooper, 2013). Many rural residents find themselves never wanting to leave, and others desire to make a home there (Parker et al., 2018). Still, challenges exist. Geographic isolation (e.g., Snavelly & Tracy, 2000), financial disparities in philanthropy (e.g., Campbell University, 2018), and fewer providers (e.g., Fanburg, 2011) are among the various challenges that rural organizations encounter. While some evidence exists on the issues impacting rural nonprofits, recent studies find that little is known about how these aspects of rural life affect nonprofit operations (Walters, 2020a; 2020b), specifically their organizational capacity – the mechanisms that allow organizations to carry out their missions like funding and staff (Light, 2004). Deficits in organizational capacity can lead to organizational ineffectiveness (Light, 2004) and inability to obtain or maintain funding (e.g., Minzner, Klerman, Markovitz, & Fink, 2014), and as a result, the needs of communities and their residents may go unmet. Through a qualitative lens informed

by Systems Theory and Critical Rural Theory, the present study explores the organizational capacity of rural nonprofits by uncovering strengths and challenges in a particularly vulnerable area of the U.S. – rural, persistently poor counties in the South. The study also considers the impact of the environmental context. Invoking the social constructivist and transformative worldviews, this investigation seeks to create a foundation of knowledge that will inform education and policy efforts by capacity builders and funders who desire to assist impoverished rural communities through nonprofits.

Background

Conceptual Frameworks – Systems Theory & Critical Rural Theory

Illustrated in Figure 1 in Appendix B3, the conceptual framework that informs this study is based on the intersection of two theories, Systems Theory (Cunliffe & Luhman, 2013) and Critical Rural Theory (Thomas, Lowe, Fulkerson, & Smith, 2011).

Systems Theory. Developed by Ludwig von Bertalanffy and Norbert Wiene, Systems Theory was born out of the idea that hierarchies and their laws and principles could explain all scientific phenomena (Cunliffe & Luhman, 2013). Environments contain systems; to function, systems receive inputs which allow a transformation process or change to occur resulting in outputs for the stakeholders of the system. Feedback continuously informs each part of the system (Gallicano, 2013). The separate but interconnected parts of systems have distinct responsibilities yet rely upon each other to function properly (Zastrow & Kirst-Ashman, 2016). This study treats nonprofits as systems within an environment – in this case, a rural, persistently poor county within the southern region of the U.S. Nonprofits require organizational capacity (inputs) that allows them to conduct programming (transformation process) to accomplish their

overall mission (outputs) for their constituencies (stakeholders). Informal and formal evaluation occurs along the way (feedback) to gauge effectiveness. All these parts are linked and impact one another positively and/or negatively.

Critical Rural Theory. Critical Rural Theory suggests that the construct of rural contains three dimensions related to demography and space, politics and economy, and social and cultural (Thomas, Lowe, Fulkerson, & Smith, 2011). Demography and space refer to the number of people in an area with rural locations typically having low population density. Rural as a political-economic dimension relates to the idea of a global hierarchy focused on urban development and relations of material production. Creating a dichotomy, urban areas are thought to be centers of power and trade through which political agendas flow – despite the necessity of the rural areas’ economic contributions (e.g., agriculture). As a result, rural residents are highly invested in economic growth issues. The social and cultural dimension was born out of the enduring thought that a deep division exists between rural and urban areas because of social and cultural differences. Thomas et al. (2011) suggests the stereotypes of rural populations as homogenous, conservative, and resistant to change and new faces are outdated and not necessarily true. Further, they suggest rural and urban areas are more alike than different. Thomas et al. (2011) also admit this dimension has much less empirical support than the other two dimensions, and this third dimension is found to be unaligned with previous literature (Bazzi et al., 2017; Bernard, 1917). This study posits that environmental contextual factors related to rural life may impact organizational capacity of nonprofits. Utilizing Critical Rural Theory will allow for categorization of identified environmental contextual factors and provide a basis for how they apply within the system of a nonprofit.

Nonprofit Organizational Capacity & Environmental Context

Organizations of all kinds, for- or non-profit, have reasons for existence, also known as mission, and goals which they strive to accomplish. To realize their mission and achieve goals effectively, organizations must have organizational capacity, which is a multifaceted construct that includes elements related to staffing, planning, and funding, among others (Andersson et al., 2016; Light, 2004). Specifically, organizational capacity is “how the organization or program operates, the structures in place, and the operating processes that dictate and direct employee action” (Sowa, Selden, & Sandfort, 2004, p.715). Organizational capacity dimensions often reflect the components of a nonprofit – mission and vision, products and services, leadership, resources, and outreach (De Vita & Fleming, 2001). Nonetheless, in both practice and research, substantial incongruities exist in the operationalization of organizational capacity in nonprofits (Walters, 2020b). In an extensive review, Informing Change and Hewlett Foundation examined 91 organizational capacity assessment instruments and noted a multitude of similarities and differences (Informing Change, 2017a; Informing Change, 2017b). Summarized in a publicly available database, Informing Change and Hewlett Foundation identified and defined the organizational capacity dimensions in assessments: adaptive capacity; aspirations; community and external relations; content and sector expertise; culture, values, and ethics; learning, evaluation, and accountability; finances; fundraising and development; governance; human resources; infrastructure and technology; leadership; management and organizational structure; operations; planning; strategy; programmatic; and constituents (2017b).

More consistent across existing literature is the awareness that organizational capacity needs vary between organizations and depend on their specific goals (Andersson, Faulk, &

Stewart, 2016). Further, organizational capacity is context-specific (Doherty, Misener, & Cuskelly, 2014), or expressly, what one nonprofit necessitates may not be the same in another nonprofit. Context regarding type of organization (e.g., sports, food banks; e.g., Doherty et al., 2014; Eisinger, 2002) and size of organization (e.g., small; e.g., Kapucu, Healy, & Arslan, 2011) have been considered in previous research. However, environmental context, such as being in a rural community, and its relationship with organizational capacity in nonprofits has been studied less often. Aldrich (1979) indicates physical, social, political, and economic aspects of environments that may impact organizations. Some capacity building organizations and nonprofit management support organizations are acknowledging and including external forces of the environment in their practice with nonprofit clients. For instance, the TCC Group, a chief actor in capacity building work in the U.S. and beyond, utilizes models that incorporate local consultants as one of their key elements to success in capacity building initiatives (Britton & Weiss, 2018). They also propose the ecosystem approach to nonprofit planning which highlights the importance and influence of the external environment (Simpson & Mazza, 2016).

Rurality & Nonprofits

Though environmental context differs, foundational knowledge of nonprofits operating in rural areas can help inform the approach of building capacity. In rural nonprofits, a significant emphasis on money – or lack thereof – and economic struggles exists as they deal with staggering levels of persistent poverty (USDA/ERS, 2019a), partly from the remnants of the Great Recession (2007-2009; Goetz, Partridge, & Stephens, 2017) and resulting in serving more clients with less money (Lin & Wang, 2015). One key contributor of financial distress for rural nonprofits is the lack of investment by public and private sources (Partners for Rural

Transformation, 2019), which is damaging to their organizational capacity and thus mission effectiveness (Walters, 2020a). Despite being a fundamental component of the societal safety net in the U.S. (Allard & Cigna, 2008), few federal grants (6%; Arneal, 2015) and donations from private sources (7%; Campbell University, 2018; Center on Philanthropy, 2010) are provided to rural nonprofits. With minimal funding and fewer organizations in rural communities (Neuhoff & Dunckelman, 2011), rural nonprofits must be inventive to solve problems and meet the needs of their clientele (Walters, 2020a). For example, they often rely on partnerships with peer organizations and cross-sector collaboration with businesses and government agencies (e.g., Biddle, Mette, & Mercado, 2018) and utilize technology when possible (e.g., Office of Rural Health Policy, 2011). Physical isolation also contributes to financial problems as well as staffing and programmatic issues. Fewer agencies and wider service areas (Fanburg, 2011) result in traveling long distances to give or receive services (e.g., Allard & Cigna, 2009; Snavely & Tracy, 2000), and in some cases, rural residents simply do not get the care they need (North Carolina Rural Health Research Program, 2017). Recruiting qualified staff and volunteers is also difficult as salaries can be lower along with less opportunities for advancement and professional development (Mackie & Lips, 2010). Because of this, some states are enacting policies and programs to incentivize working in rural communities (Kumar, 2018). Challenges also arise due to social barriers as people with conservative ideological beliefs (many who reside in rural America) may not support the missions of some nonprofits (Goetz et al., 2017; Scales et al., 2013). For example, potential clients may reject services from providers because they believe that government or outside entities should not be involved in personal matters and impose values different from their own. Nonprofits in the rural South also identify with the aforementioned

issues related to their environmental context and organizational capacity as evidenced by a number of studies (e.g., Besel, Williams, & Klak, 2011; Browne et al., 2016; Deutsch, Lhotka, & Ruiz-Córdova, 2009; Edwards, Theriault, Shores, & Melton, 2014; Kerstetter, Green & Phillips, 2014; Klein et al., 2009). In a recent study on organizational capacity of nonprofits in persistently poor counties in the rural South, Walters (2020b) found that board leadership, communication, collaboration, financial management, and strategic planning were among the strengths, while personnel evaluation, fundraising planning, and volunteerism were among the major struggles.

Environmental Context of the Present Study: The Rural South

The Southern region consists of 15 states, plus the District of Columbia (U.S. Census Bureau, 2015): Alabama, Arkansas, Georgia, Florida, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. Topographical depiction of the southern region comprises part of the Great Plains (including Oklahoma and Texas), the Black Belt (referring to a region in parts of Alabama and Mississippi that have very dark, fertile soil); the Mississippi Delta (including parts of Arkansas, Louisiana, Mississippi, and Tennessee); the mountains of Appalachia; and the seaside flat lands (Johnson, 2017; Paschal 2017; Wilson, 2004). The South as a region revels in tradition, which was shaped by strong Christian beliefs and allegiance to state and local governance (Devanny, 2017). Politically, the South of today is highly conservative with pockets of liberal-leaning voters, many of whom are African American or Latino and living in impoverished areas (Paschal, 2017).

The blemished past of the South, dating back to the days of slavery and Civil War, has negatively impacted the region for more than a century. The rural South – particularly, Appalachia, Mississippi Delta, and Native American lands – has a long record of income disparities (Weber & Miller, 2017). Replete with once-enslaved individuals and sharecroppers with minimal capital, nearly 25% of the country's poor in the Great Depression of the 1920s and 1930s were farmers and their families living in the rural South (Glasmeier, 2002). While some programming was established to help, the South withstood major out-migration from the 1930s through the end of World War II as those who had the means left and moved north for opportunities in urban areas (Glasmeier, 2002). For Appalachia specifically, though the region had encountered some industrial benefit from wartime which relied on their natural resources, people sought out more prosperous areas, resulting in 2 million less residents by the 1970s (Glasmeier, 2002). Appalachia moved into the national spotlight in the early 1960s when soon-to-be President John F. Kennedy visited the region and observed desolate small towns and villages with abhorrent living conditions (Glasmeier, 2002). In part, this stopover sparked the development of the Appalachian Regional Commission (ARC), a federal-state collaboration, that exists to enhance community capacity and spur economic growth in 13 states (ARC, n.d.; Glasmeier, 2002; Weber & Miller, 2017). Decade by decade, the economy and industries of the South have shifted and changed, all while keeping wages low and upward mobility of the working class to a minimum (Wright, 1987). Minimal investments were made into these regions and yet they were stripped of their assets:

Central Appalachia, a region destroyed by rampant natural resource exploitation, remains mired in poverty because of complex historical circumstances that include a culture of

exploitation, abuse and adaptive passivity. The same can be said of the Mississippi Delta, a region today heavily polluted and troubled by long-standing exploitation and social inequality. (Glasmeier, 2002, p. 170)

What is left today in the South is a region with the highest rates of rural poverty in the country: 252 of the 353 (about 71%) persistently poor counties are in the rural South (USDA/ERS, 2019a) with many of those affected being people of color (Partners for Rural Transformation, 2019). Tremendous unemployment rates and minimal access to financial services (e.g., banking) contribute to economic struggles (Partners for Rural Transformation, 2019). Further, residents of the rural South are fraught with stress related to disparities in education (USDA/ERS, 2017a), health (Singh et al., 2017), safe drinking water (Partners for Rural Transformation, 2019), and food insecurity (Hester, 2017), among others. Human service-oriented nonprofits, past and present, have played a critical part in assisting rural residents with challenges and improving the quality of life in the South (Galen & Alexander, 2011; Lohmann, 2005). The rural nonprofit, especially in the South, is further tasked to “reinforce and stabilize tradition and traditional ways of being and doing in rural areas...” while also leading the effort in to create new ones and mediating social change that is often pushed by urban neighbors (Lohmann, 2005, p. 92).

Purpose of the Present Study

With a qualitative approach guided by Systems Theory and Critical Rural Theory, the present study pursues a deeper understanding between the environmental contextual factors of operating in a rural area and organizational capacity of human services-oriented nonprofits based on perspectives of administrators. The study identifies the strengths and weaknesses in

organizational capacity in these rural nonprofits. Further, the investigation makes connections related to operating in rural communities and organizational capacity issues. Using a multiple case study method, the geographic focus of the present study is rural, persistently poor counties in the Southern region of the U.S. Specifically, nine administrators from rural nonprofits in Georgia, Kentucky, and Mississippi were interviewed. The rural South was chosen as the focus because of their struggles with high rates of poverty, especially among minorities (USDA/ERS, 2019a; Weber & Miller, 2017) as well as health (Singh et al., 2017) and education (USDA/ERS, 2017a) disparities where the work of human service organizations is critical. The findings of this investigation contribute to peer-reviewed literature in nonprofit, social work, and rural disciplines as there are few studies on rural human service organizations, especially those serving one of the most vulnerable areas of the U.S. Additionally, this study elaborates on existing studies that identify challenges of operating nonprofits in rural areas by connecting environmental contextual factors and organizational capacity issues. This knowledge will also enlighten funders with investment priorities in rural areas as well as capacity builders who provide trainings and technical assistance to support these organizations.

Methods

The present study was part of a larger investigation (Walters, 2020b), which was approved by the Institutional Review Board of the University of Tennessee in April 2019.

Worldview, Approach, and Design

Along with the Systems Theory and Critical Rural Theory, a combination of worldviews – social constructivist and transformative – guided the approach and design of the study. Social constructivists postulate that multiple truths exist, and experiences and interpretations of said

experiences differ across participants, acknowledging the complexity of the phenomena of interest (Creswell, 2014). This worldview helps to craft new meanings or theories (Bloomberg & Volpe, 2012). The study sought to further understand – within a rural context – the strengths and challenges facing nonprofits as little knowledge exists. The views on organizational capacity in the selected cases are from a high-ranking administrative person in the organization and differ across cases, though similarities emerge. The transformative worldview, meanwhile:

...contains an action agenda for reform that may change lives of the participants, the institutions in which individuals work or live, and the researcher's life. Moreover, specific issues need to be addressed that speak to important social issues of the day, issues such as empowerment, inequality, oppression, domination, suppression, and alienation....This research also assumes that the inquirer will proceed collaboratively...the participants may help design questions, collect data, analyze information, or reap the rewards of the research. (Creswell, 2014, pp.9-10)

The focus on the persistently poor counties in the rural South emphasizes the economic, racial, and spatial inequities in the U.S. As part of the study, the researcher sought guidance from rural nonprofits in the area of interest through a pilot study on the data collection methods. Further, the nonprofits involved in the study will be informed of the results as well as potential funders and capacity builders who serve these organizations.

With the social constructivist and transformative worldviews, this study is qualitative in nature with a multiple case study approach. The multiple case study allows for a thorough examination of a phenomenon across and within constrained systems (Mills, Durepos, & Wiebe, 2010). This method permits researchers to consider transferability rather than generalizability:

“...in what ways understanding and knowledge can be applied in similar contexts and settings” (Bloomberg & Volpe, 2012, p. 31). Regarding number of cases in qualitative research, there is no definitive rule; instead, the focus should be on selecting cases that are “information-rich” (Conway, 2020, p. xii). However, in multiple case studies, the maximum is generally 12 cases (Royer, 2010). Upon reviewing recently published multiple case studies that had a nonprofit focus, the number of cases ranged from two to 12. Thus, in the present study, nine nonprofit leaders share their insights into operating an organization in a rural, persistently poor county in the South, and through case analysis, variation is evident, but themes arise that will help to inform research, education, and policy on rural nonprofits in other areas of the U.S.

Sample

The population of interest was 501(c)3 nonprofits as registered by the Internal Revenue Service (IRS; 2017). The nonprofits must be categorized under National Taxonomy of Exempt Entities (NTEE) Core Codes as broad category, Human Services, which includes major groups I, J, K, L, M, N, O, and P (National Center for Charitable Statistics [NCCS], 2019a). Detailed definitions of these major groups can be found on the NCCS website (<https://nccs.urban.org/publication/irs-activity-codes>; 2019b).

The geographic focus was persistently poor, rural counties located in the South region of the United States. The Southern region states included 14 states (as defined above; U.S. Census Bureau, 2015). Maryland and the District of Columbia are also part of the Southern region; however, they were not part of the present study as no rural, persistently poor counties exist in these areas. The rural definition utilized for this study is from the USDA ERS: “Nonmetro counties are outside the boundaries of metro areas and have no cities with 50,000 residents or

more” (USDA/ERS, 2017b). The persistently poor designation means that a county has had a poverty level at or above 20% for the past three decades according to national survey data (Dalaker, 2019).

Data Collection

Recruitment. The nonprofits that partook in this study were participants in a survey-based investigation regarding characteristics and organizational capacity assessment of rural nonprofits and indicated their interest in being interviewed regarding operating a nonprofit in a rural area (see Walters, 2020b for sampling procedures). Nearly 120 nonprofits noted their willingness to be part of the present study. The selection of participants was purposive in nature. Because the focus is on human services organizations, the states with the most potential participants in this category were Georgia, Kentucky, and Mississippi, and they also have some of the highest rates of rural poverty in the South region and in the country (USDA/ERS, 2019). Thus, these states were chosen as case study sites.

In Walters (2020b), respondents provided contact information including mailing address, email address, and phone number for executive directors, or board presidents if organizations did not have an executive director. Executive directors and board presidents were targeted for interviews because they have the most knowledge about all areas of the organization. All human service organizations from these designated states that indicated interest in the present study received initial and follow-up emails with an invitation to participate in the study. If a response via email was not provided, up to three phone calls were placed to organizations. Finally, a physical letter was mailed to organizations who had not responded to phone calls and emails. In sum, nine nonprofits – three each from Georgia, Kentucky, and Mississippi – were recruited.

Incentives. Participants received an online capacity building course, valued at \$50-\$75, for their time. This incentive was provided by Alliance for Better Nonprofits, a capacity-building nonprofit, located in Knoxville, Tennessee.

Data Sources. Semi-structured interviews were the primary data source for the present study. Semi-structured interviews allow researchers to have a list of questions to guide the process and obtain information about the phenomena of interest, while also permitting flexibility needed to ask follow-up questions to get additional information to contribute to the richness of the data (Bryman, 2016). The topics include demographics, organizational characteristics, organizational capacity domains – community partnerships and relationships, communications, finance and accountability, fundraising, leadership, planning, and programming, and how being in a rural area affected these domains. These domains align with the parts of a nonprofit system (De Vita & Fleming, 2001). The guide was piloted with three rural nonprofits in East Tennessee who were not part of the study population. Experts in nonprofit organizational capacity building also provided feedback. The guide's content and language were revised accordingly. Interviews lasted 45 minutes to two hours and were conducted via video conferencing (e.g., Zoom) or phone call. Interviews were recorded and then transcribed. To provide a descriptive profile of the participating organizations, information from IRS Form 990 and selected demographic and organizational capacity data from Walters (2020b) are also provided. Though profiles are created, names and exact locations remain anonymous.

Data Analysis

Thematic analysis was applied in the present study. This method permits the researcher to compile codes and extract categories connected to the research questions, or themes, that help

construct foundational knowledge that may led to a theory (Bryman, 2016). For the present study, the researcher utilized the Bloomberg process for analyzing qualitative data which includes four main steps: 1) review data and explore “big ideas”; 2) read data again, code accordingly, organize data into categories, and amend coding scheme by adding, removing, or combining codes; 3) report findings; and 4) interpret findings (Bloomberg, 2007 as cited in Bloomberg & Volpe, 2012, p. 140). Categories were determined based on how codes occurred in the data. Frequently occurring codes evolved into themes. Outliers, or unusual circumstances, within cases were also noted. The Bloomberg process was selected as the approach to thematic analysis because the number of cases (9) within the study was on the higher end for the multiple case study method and providing a detailed case for each of the nine organizations was not practical. Thematic analysis allowed the investigator to understand each case’s details in-depth, compare the details between cases, and then identify main themes among all cases.

Findings

Nine nonprofit leaders in rural, persistently poor counties were interviewed in August and September 2019 regarding organizational capacity. Themes and outliers from the data are organized by capacity domain, and within each domain, strengths and challenges are discussed. Numbers in parentheses (3) indicate the how many nonprofits were part of the respective finding.

Table 1 in Appendix A3 provides case details for organizations. The age of organizations ranged from seven to 67 years, and annual expenses were \$26,000 to \$7.3 million. Though all were independently registered nonprofits, six of the nine organizations were either affiliated with a parent organization who had a presence at the national level or were offshoots of another organization such as a civic club or church.

Most nonprofit leaders struggled to directly link their organizational capacity strengths and weaknesses (with a few exceptions) to rurality because many had no frame of reference or comparison: “This is all I’ve ever known.” After the first few interviews, the question regarding, “How does being in rural community contribute to these strengths/weaknesses?” was not asked. When appropriate, follow-up questions to gather more context were implemented instead. In the *Discussion*, the strengths and challenges of organizational capacity are connected with Critical Rural Theory and the dimensions of influence in rural areas.

Planning

Organizational planning was described to participants as the intention to plan or consider the organization’s mission, vision, and strategy on a regular basis.

Strengths. All nine leaders indicated that they meet with their boards and/or staff consistently, formally and informally, to discuss the organization’s financial health, activities, or client needs. About half of the nonprofits (4) noted that formal strategic planning and focus on forward thinking occurs in their organizations. Two of the larger nonprofits (KY1 and MS1) are investing in outside consultants to help with this process. Remaining relevant to the community by addressing social problems is important to the boards and staff of most participating nonprofits (8), but for a few nonprofits (3), change and evolution are sometimes met with rebuke as board and staff hold onto tradition. The board of one nonprofit, KY3, consists mostly of former clients or town residents who have low incomes, and thus, they understand client circumstances and can plan effectively.

Challenges. Formal needs assessments to determine client and community needs are not being used to guide planning processes in at least four of the nonprofits. They are directed by

anecdotal knowledge from clients, government officials, and community leaders. All participating organizations face issues related to volunteers and staff in the *Planning* capacity area. For the three organizations ran by volunteers (GA2, KY2, and MS3) and one with a half-time employee (MS2), many people involved with their nonprofits are retired or gainfully employed, and consequently, without paid staff, planning sometimes does not happen in a timely manner – or ever – because they are focused on day-to-day activities. GA2 remarked:

“We’ve been running on the same set of railroad tracks ever since I’ve been involved... We don’t have any people who have a lot of experience in strategizing or planning for the future.”

Another organization, KY3, with less than three full-time employees shared that balancing planning with capacity limits is a challenge: “...sometimes they [board members] don’t think about how small a staff that we have... It’s hard if you have your hands on everything and in so many different projects.” Yet, the director advocated for herself and the staff in those situations, and the board respected those boundaries. For two of the organizations with more staff (KY1 and MS1) located in village-type settings, finding local people to fill skilled staff or volunteer positions is challenging, and they attributed this to the small pool of educated and capable individuals in the rural South. Therefore, when financially possible, they have turned to recruiting people from other parts of the country, which they believe has led to new perspectives in their organizations.

For a few nonprofits, some social and cultural challenges have arisen during planning. In GA1, the leader observed a substantial disconnect between the “income classes” of board members and clients:

“People who are making decisions for our organization have no idea what we really do on a daily basis.... They [clients] have different needs that our board members have never experienced and many of them have never even known anybody that has experienced the kind of needs that our clients have.... They’re [board members] just so far out of touch...”

Another leader (founder of MS3) who is Black and of a faith different from the dominant Christian sects in the South shares that racism continues to be rampant. As a result, their organization feels isolated from other more prominent nonprofits, with whom if they could coordinate, community needs may be addressed more effectively.

Leadership

Leadership was described to participants as anyone, including board members, administrators, and other staff and volunteers, who contributes to carrying out the organization’s mission.

Strengths. For most organizations (8), the dedication of staff and volunteers to the nonprofits and local community arose as an asset. Leaders noted that many remain committed for several years because of their love of the mission, clients, and community, but for some (2), tradition keeps them engaged. Whatever the reason, the consistency of volunteers and staff contributes to success, according to leaders. Six of the nine organizations indicated that their board members are not just “figure heads” – they are working boards, willing to assist with any need. Some board members and staff are also involved in other ways across the community which helps build and attract connections for the nonprofits (3). Again, some boards and staff encourage change and trying new ideas by seeking information from outside resources such as

visiting similar organizations (4). The limited pool of available workers in rural areas can be problematic, but two organizations (KY3 and MS2) employ a different approach to finding volunteers. Rather than considering formal education or individual wealth as markers for good volunteers, they use “indigenous leadership,” or those who are considered leaders in the communities they serve directly:

“This leadership...comes out of the local community, particularly the poor, Black, local community....untrained leaders who have just been phenomenal... the available pool of leaders is greater than meets the eye, the problem is figuring out who they are because a lot of these folks have never been given the least opportunity to exercise leadership....they may not even recognize themselves, the gifts and talents they possess.”
(MS2)

Despite their innovativeness in problem solving and dedication to their organizations, there was a reluctance by any of the leaders to name themselves as a strength in leadership, though without them, the success of these organizations may not have been possible.

Challenges. Having *enough* quality leaders, paid or unpaid, was a problem for many organizations (6). With staffing, one leader said, “...trying to influence folks to relocate to [rural area] and be paid very little money to work their butts off, it’s a little difficult...” (KY1). Each of the volunteer-led organizations (GA2, KY2, and MS3) that had older and retired leaders in place expressed concern about recruiting willing and capable successors – noting the lack of time to recruit and limited potential for volunteers in their areas. An outlier in the leadership domain, GA1 disclosed challenges with their board, specifically that they lacked the passion for the mission. Members of the board are serving for recognition purposes (e.g., a politician for the

purpose of campaigning) or because they knew someone important. The leader of GA1 attributes this to the “Good Old Boy” system: “It’s a weird nuanced thing in small towns. Instead of making a decision based on who would actually be the best person for something, or making a decision objectively, it’s more about friendships and social connections than actual ability.” Because of this, she shared, towns may have the same people serving on boards and maintaining control of many organizations.

Programming

Programming was defined as capacity related to design, management, and evaluation of services offered.

Strengths. All participating nonprofits were keenly focused on their mission, clients, and communities they served. The consistency and attention to their cause and the needs of whom they serve has built a strong reputation for many of these organizations (8). One organization (KY3) noted community rapport is essential in rural areas: “...because we are small and the community’s very rural, we make those connections.... Sometimes, our culture and beliefs here, we have to be able to trust people before we’re going to welcome them in our home.” Another leader (MS1) shared that the long tenure among key staff helped build stability in the organization, and he credited the organization’s hospitable atmosphere, focus on valuing people and relationships, and “deliberate acts of kindness” for their low turnover. To assess their work, some organizations (5) are conducting informal evaluations (e.g., meeting with staff/volunteers), while only two leaders said that formal evaluation occurred regularly.

Being in a rural area presents unique challenges, and thus, adoption of innovative problem solving was apparent for several nonprofits. Because of limited resources, most

nonprofits (8) asserted that collaboration with local or nearby residents, businesses, and other nonprofits is necessary to meet the needs of clients and communities. An example of creativity is dealing with food deserts: One of the counties served by GA3 has no grocery stores, and recently, they started piloting a program with another agency to pick up residents on a bus once a month on Saturday to take them to a neighboring city to buy groceries and engage in a leisurely activity. A refrigerated truck follows behind the bus to cool the groceries while the residents enjoy the city. As such, many of these rural nonprofits have found themselves dealing with more systematic issues connected with their mission. For example, two of the Mississippi organizations (MS2 and MS3) shared that racism impacts their communities, as well as their work, significantly, and they are addressing this social problem through their missions: “I’m trying to use this vehicle of affordable housing as a way to...facilitate racial reconciliation, and to encourage community development beyond the communities that people naturally find themselves in” (MS2). Mostly, their efforts are supported among board members and residents whom they are trying to assist.

Challenges. Program evaluation was a challenge cited by most organizations (7). A few (3) were unsure of what or how they would evaluate, while the remainder (4) indicated that lack of time and staff were reasons for not evaluating. One organization (GA2) is utilizing paper-pencil tracking of data as they do not have a computer, nor do they have anyone who knows how to use one. Another area of frustration for nonprofit leaders is the inability to meet all needs for their clients or potential clients. Three organizations noted that their funders’ guidelines inhibit them from serving people who need help. Lack of reliable transportation also prohibited access to services (3). Additionally, volunteer gaps inhibit provision of existing and new services (6).

Finally, one organization, MS3, shared that racism and open hostility towards their organization, their mission, and volunteers prohibit them from providing services to certain populations:

“...there are impoverished White people here who would not come to our services because of a stigma that would keep them from coming to where Black people are being served....Our people will never go to a house that flies a Confederate flag because we’ve seen people like that who are abusive verbally. If they were intoxicated, who knows what level of anger, they would reach for a gun....You’re just tiptoeing around in the South.”

(MS3)

Fundraising

Fundraising was labeled as any activity that generates monetary or in-kind donations to the organization.

Strengths. Diversification of fundraising strategies – incorporating two or more money-generating activities – is occurring in at least six of the nine nonprofits. Leaders shared that they are raising funds with donor appeals, special events, grants and contracts, endowment income, and/or entrepreneurial activities (6). Three organizations receive funds from United Way. More than half (5) have dedicated donors who are committed to their missions. Having strong, long-standing reputations and positive history contributes to their rich donor databases (3), though others said that giving is about the relationships they personally have with donors (2; e.g., GA2 leader is known as the “food bank guy”). At least three nonprofits specified they are using donor managed software to help with fundraising (e.g., DonorPerfect). Related to technology, organizations in Kentucky (KY1 and KY3) mentioned the upgrades to high-speed internet in

their communities which has not only helped with joblessness but also preserving relationships with donors who are out of the immediate area.

The definition of fundraising may distort nonprofit leaders' beliefs regarding what counts as fundraising. For example, one leader (KY3) said they had no strengths in fundraising; however, she and the volunteers of her organization had formed partnerships with local government, builders, and technology companies to receive in-kind donations for their house builds, and these donations can be used as "match" on their grant applications. In an entrepreneurial spirit, this same housing organization (KY3) has added a building fee for builders to pay upon completion of project. These efforts by the leader of KY3 are just one example of innovative problem solving in nonprofits when financial resources are scarce.

Challenges. Most residents in areas served by the participating nonprofits are in poverty and are unable to donate financially, as shared by five leaders. In MS2's town, the leader shares the bulk of the wealth is concentrated with White people, who hesitate to support the mission because "...the social stigma towards poverty in general and the idea that this is their fault, and if they did this different or they did that different, they wouldn't be so poor." Similarly, because few new people are moving into these areas, getting new donors without "stepping on the toes of other organizations" is a struggle (GA1). In small villages and towns, few businesses exist, and often, they are overburdened with donation requests (KY3). Further, when a business closes its doors and withdraws support from one of these nonprofits, depending on the size of gifts, this could be catastrophic for a nonprofit (KY2). Thus, donors are coming from other areas of the state or out-of-state. For example, KY2 has donors who visit their camp each summer, which is an optimal time to cultivate and maintain philanthropic relationships.

For the larger organizations like MS1 and KY1, recruiting fundraisers is difficult due to low salaries and rural location. For smaller organizations, having ample time and peoplepower to raise money are always a struggle – they are resulting to “crisis funding” projects, where they call up loyal donors they know personally to ask for money to fund an immediate need. Telling the organization’s “story” effectively to generate funds is a challenge for a few organizations (3).

Community Partnerships & Relationships

Community partnerships and relationships was described as the connections made with other entities and volunteers who assist in the mission of the organization.

Strengths. All participating nonprofits have positive relationships with other organizations as well as individual volunteers to accomplish their strategic goals and activities. Schools, churches, other nonprofits, civic organizations, government offices, and businesses were commonly listed as partners or supporters. As KY2 asserted, being an underling of a larger organization helps make inroads with potential collaborators. These connections result in funding, in-kind goods, building awareness, and referrals for clients. Several of the organizations have solid relationships with volunteers, though three leaders noted that coordinating volunteers takes a lot of time and effort, usually at the expense of their regular duties. Most of the organizations in the study are well-established with collaborators in their communities, but MS3 shared that cultivating relationships has been an incredible challenge due to the hostile environment. Recently, they “built a bridge” with an affluent organization who requested MS3’s help to care for a local historical site:

“I was hoping they’d maybe say, we’ll pay the guys \$20 a piece...but that’s too much to hope for. Right now, I’m just going yes, we’re going to do it, because this is our first

chance to do anything with [*affluent organization*]. We have nothing in common with them whatsoever except that now they need us. And, I guess we need them... well, we need their status.” (MS3)

Challenges. The challenges related to community partnerships were diverse, with few themes emerging. Two leaders shared that dealings with politicians are awkward. GA3 noted that government officials often support their organization, but they decline to endorse any politician because of their nonprofit status. MS3 disclosed an encounter at an event where an official said their organization was wasting money and “bankrupting the government” by feeding kids when school was not in session. Similarly, KY3 believes that many churches in their area are unsupportive of their mission (affordable housing) because they do not believe that housing is a problem. MS1 surmised that volunteer recruitment is challenging because the population is aging and there is a lack of young people relocating to the area. In the same vein, KY2 said that when partner organizations (i.e., businesses, other nonprofits) close or leave town, usually there are no replacements.

Finance & Accountability

Finance and accountability were described as elements and processes related to budgeting, accounting, nonprofit accountability standards, and transparency.

Strengths. Participating nonprofits, overall, were competent in the finance and accountability domain. The four largest organizations with multi-million-dollar budgets (GA3, KY1, KY3, and MS1) conduct annual outside audits. All nonprofits have at least one or more persons (board member, staff, or other volunteer) who is very knowledgeable about nonprofit finance and provides critical support. Board oversight of financials is viewed as important part of

finance and accountability (7). Most of the organizations (8) have finely tuned processes for accountability and money handling in place. Two of the larger nonprofits (GA3 and KY1) indicated that their relationships with outside entities (e.g., funders, accreditation boards) drive much of their accountability and transparency measures. At least three of the organizations mentioned that they have reserves.

Challenges. Having enough time or people were key challenges. Segregation of duties related to financial processes and money handling is a regular finding in their audits (3). While most of these organizations have strong people in positions of maintaining financials, much of the responsibility falls on a few (3). MS1 attributes the lack of skilled workforce in their area as part of the problem. Four of the smaller organizations (GA1, GA2, MS2, and MS3) noted some daunting challenges such as a (former) board member embezzling (GA1), IRS filing issues (GA2), no budget and few processes in place (MS2), and volunteers regularly paying for organizational needs to avoid using funds (MS3).

Communications

Communications was described as internal communication with board members, staff, and other volunteers and external communication with public stakeholders such as donors, clients, and community at-large.

Strengths. Internally, small organizations had strong communications among staff and volunteers because there are fewer people with whom to connect (5). Externally, the organizations are using a variety of traditional and modern methods to connect with public stakeholders. Several organizations (5) have dedicated websites for their organizations. Five organizations utilize social media (e.g., Facebook) to share stories and the impact of their work:

“I might show a picture of a group of volunteers who’ve come and we’ve helped put in a water line to somebody’s house that’s never had running water before. Because I think it’s kind of noteworthy in America” (MS2). Newsletters, mailed or emailed, are employed by about half of the nonprofits (4). Stories and editorials in newspapers are main streams of communication for some organizations (4). Five leaders engaged in public speaking opportunities to churches, civic groups, and schools. Word of mouth and meeting with locals one-on-one were also named by a handful of organizations (3).

Challenges. Communication within larger nonprofits is more challenging; coordinating between departments sometimes results in misunderstandings or not receiving information at all (3). A few are working through these weaknesses by implementing communication plans (KY1 and MS1). Marketing to potential clients is a problem shared by many of the organizations as honing messages can be difficult (6). Overall, communications is the domain that all nonprofits said they neglected most often and for which they desired more staff and time.

Limitations of the present study

The findings of the study should be considered along with its limitations. First, though generalizability is not a goal of qualitative research, it is important to note that the participating human service organizations may not be representative of all nonprofits in the rural South and other geographic areas. The investigator, however, attempted to choose a variety of human service organizations in terms of budget size, number of employees, and mission. Second, the data analysis method, thematic analysis and specifically the Bloomberg process, limits the amount of detail that can be shared from each case, meaning that some context is lost in the translation of findings. In typical case study research, one might find fewer cases (e.g., 1 to 3);

however, in this study, there were nine organizations, and thus, providing more in-depth case details was not possible. Thematic analysis allowed the investigator to illuminate the highlights of each case and compare across cases. Finally, the analysis was conducted by one investigator, and the use of multiple investigators to corroborate the codes and themes is ideal.

Discussion

Guided by a combination of social constructivist and transformative worldviews as well as Systems Theory and Critical Rural Theory, the present study applied a qualitative, multiple-case study approach to thoroughly examine organizational capacity of nonprofits in rural, persistently poor counties in the South. In semi-structured interviews, nine leaders from human service-oriented nonprofits offered their perceptions of the strengths and challenges of operating a rural nonprofit. The organizational capacity domains explored were community partnerships and relationships, communications, finance and accountability, fundraising, leadership, planning, and programming. This investigation directly addresses research gaps identified by Walters (2020a; 2020b), which calls for more in-depth analysis of the impact of environmental context – particularly rural areas – on organizational capacity in nonprofits.

Organizational Capacity

Strengths. Research shows that rural nonprofits are capturing minimal support publicly and privately (Arneal, 2015; Campbell University, 2018) and survive at a lower percentage than urban nonprofits (Walker & McCarthy, 2010). The expectation was that problems tied to fundraising and finances would lead this study's findings, and that was not the case. Certainly, there are challenges related to money, but what dominated the interviews was how remarkably committed nonprofit leaders and their organizations are to these especially vulnerable

communities. This dedication means that they are open to change and adapting to the needs of their service areas, and in spite of lacking resources, developing innovative solutions and collaborations to solve problems – such as the Saturday grocery day and cultivating relationships to get necessary goods and services donated rather than money. This creativity by nonprofits and their partners is consistent with past research (e.g., Biddle et al., 2018; Office of Rural Health Policy, 2011). This innovativeness and commitment also beg the question, “What could these organizations and their leaders do with more money?” Investments from foundations and government in rural areas are pitiful in persistently poor areas – \$50 per person versus \$451 on a national level (Partners for Rural Transformation, 2019). For these organizations and their peers to make true, sustainable change in rural communities, they need additional funding.

Long tenure and low turnover among leaders and volunteers in the participating nonprofits were findings not consistent with past research in rural organizations (e.g., Knudsen, 2016; Lee, 2011). Additionally, several organizations have working boards, which consist of members who govern and oversee financials but also conduct operational tasks when needed, and are not as common (Whitney, 2013). For rural nonprofits, especially the small organizations, formulating ways to recruit and maintain dedicated and hard-working individuals from a limited pool is critical. Perhaps employing the methods of KY3 and MS2 who empower people they serve or residents in similar situations – indigenous leadership – to become leaders in organizations and communities may be a solution as they understand the plight of the clients. More research is needed on this concept in rural areas.

A perception exists that rural nonprofits may not be as competent as their urban and suburban peers (e.g., Clyburn, 2014; Kneebone, 2016). The present study and its sister

investigation (Walters, 2020b) indicate that may not be the case. Most organizations in this study have been in existence for long periods and have quality finance standards, engaging in planning and some form of assessment, utilize multiple methods of fundraising (despite local residents being unable to give), and implement robust programming. These strengths must be communicated to potential funders to avoid perpetuating myths that might be costing organizations funding.

Challenges. The lack of people – volunteers and staff – are fueling many of the challenges in the participating rural nonprofits, especially the volunteer-driven organizations and organizations with few employees. When personnel are few, leaders and other workers focus on day-to-day operations. In some cases, they are unable to implement key processes such as planning, formal needs assessments and evaluations, communication methods, and segregation of financial duties. This is problematic because organizational capacity domains are interconnected when one domain lacks, so do all others (De Vita & Fleming, 2001). Thus, programming and fundraising are also impacted when these deficits occur. In the immediate cases, several needs of clients and potential clients are not met due to lack of staff and/or funding. These findings parallel earlier studies (e.g., Klein et al., 2009; Walters, 2020a). The lack of potential successors in these rural nonprofits is also a major concern for leaders. Having time for recruitment was a core reason for no set successor as was the limited pool of people in their immediate areas. Succession planning, especially for chief leadership positions, is essential to maintaining historical organization information and continuity (National Council of Nonprofits, n.d.).

Persistent systematic issues, including racism and classism, are still plaguing the rural South, and they are impacting nonprofits as well. For two organizations in Mississippi and likely many more across the region, struggles with inward and outward acts of racism regarding their work and clients are regular. Racism prevents them from establishing relationships with other organizations, providing services to people who need them, and raising money and support. Leaders and their organizations in this study have little choice but to take on a principal role in addressing systematic issues like racism and White privilege if they want to make sustainable change. Through their missions, they are implementing programming intended to address the concrete needs of their clients while also making strides in developing and enhancing community relationships. It is important to note that these organizations must have a certain “grace” to approach the reprehensible problems; they must model the traits they hope to see in others: respect, patience, and empathy. Developing trust with the community, as KY3 shared, is crucial. These nonprofits are the mediator (Lohmann, 2005).

Being a Nonprofit in the Impoverished, Rural South

Focused on environmental context, the conceptual framework that steered the present study was an intersection of Systems Theory and Critical Rural Theory (Fig.1). Succinctly, there are domains of influence in a rural environment – demography and space, politics and economy, and social and cultural – that impact nonprofit systems, as well as their organizational capacity, programs, and overall mission.

Demography and space. Slightly less than 20 percent of the people in the U.S. reside in rural areas (U.S. Census Bureau, 2016). Trends show that rural counties in the South gained residents, while other rural areas lost (Parker et al., 2018). Many of those moving to rural

Southern areas are non-White, and unfortunately, being impacted by economic and social disparities (Housing Assistance Council, 2012). Some of the participating nonprofits believed that they had limited options in increasing the pool of potential volunteers and employees. Nonetheless, other participants demonstrated possibilities. First, employing the indigenous leaders approach, particularly with people of color, for volunteer and employee recruitment is potentially beneficial to the individual, their communities, and the organization. These individuals know and understand clients and the service areas. Second, leaders might consider the approach of a few of the nonprofits (KY1 and MS1) who employ rigorous application process and recruit from out-of-town. Beyond individual hires, leaders can be part of a more systematic priority to examine ways to enhance economic development, end extreme poverty, and develop education opportunities to train local people and draw in new ones.

Another demography/space issue shared by leaders relates to lack of transportation which reduces access to service – consistent with previous literature (Allard & Cigna, 2008; Snively & Tracy, 2000). The counties served by many of the participating nonprofits are spread out. Research suggests that there are three times fewer rural nonprofits than in urban areas (Neuhoff & Dunckelman, 2011), and further, they are covering 49 square miles versus less than square mile of urban nonprofits (Fanburg, 2011). Several of the organizations cover multiple areas, and thus travel for either nonprofit staff or volunteers or clients is essential. Reducing the coverage area is an unlikely solution. Instead, organizations must find ways to fund transportation options for clients or staff. Or, they might consider utilizing technology, particularly since many rural areas have been upgraded with high-speed internet (e.g., Office of Rural Health Policy, 2011).

Politics and economy. Rooted back more than a century, the rural South is managing profound levels of persistent poverty (USDA/ERS, 2019a). Leaders identified key problems in their areas as minimal jobs of quality and joblessness among residents as well as transportation. The human service-oriented nonprofits in the present study exist to deal with some element of these economic disparities and help communities improve quality life. Nonetheless, poverty impacts nonprofits too – with low wages for employees (McCambridge, 2016). This challenge makes it nearly impossible to recruit people, especially from outside of the community, as KY1 noted in his interview. Fundraising and advocating for more public and private investments in rural areas must be a priority for nonprofit leaders. Also, organizations might consider better communicating the benefits of working in a rural agency as workers often find great satisfaction in their roles (Walters, Jones, & Brown, 2019). Impoverished residents are also unable to give to local nonprofits. Many of the nonprofits in the present study were supporting their organizations by donors from outside their immediate area and through other methods like government contracts. Another barrier to receiving local support is due to the concept of rugged individualism in rural communities – the resistance to provision of aid by the state (Bazzi et al., 2017). People who prescribe to this belief likely oppose help from nonprofits and preserve the myth that accepting assistance makes one dependent or lazy. Leaders noted this belief with government officials and churches in the present study. Building awareness and effectively sharing client stories is one way to combat this stigma.

Social and cultural. The willingness to adjust and openness to change in these rural nonprofits among board members and staff is in direct opposition to tradition-fixation often found in rural Southern communities (Devanny, 2017; Lohmann, 2005). However, as noted by

Thomas et al. (2011), the rural identity might be oversimplified, and perhaps, there are not as many differences between urban and rural areas as we perceive. More research regarding organizational change in rural nonprofits and the dynamics of personnel is necessary.

Establishing and maintaining relationships through trust is a pivotal value in rural communities (Streeter et al., 2013). Organizations in the present study shared that success with fundraising, providing services, and gaining partnerships with other organizations are all built on how well people know and trust them. However, one Southern idea that might overshadow trust is the “Good Old Boy” system or network – essentially, doing favors for one’s friends based on power and politics rather than deservingness, worth, or skill. A major problem, as demonstrated in the present study, is how dangerous this system can be because checks and balances are not considered. This was the case with GA1 and their case of embezzlement by a former board member who was able to join the board because he knew someone and consequently, no background check was completed. Another major problem with the “Good Old Boy” system, among many others, is that the same people occupy positions of power in nonprofits (e.g., board seats) in the same towns. As noted by GA1’s leader, in this way, the perspectives and experiences of individuals who are in less powerful positions in society are not considered, and decisions are being made for them. While tradition is honored in the South, this is one tradition that needs to end and make room for inclusive approaches as a few of the nonprofits in the present study have done.

Conclusions

There is something different about living in a rural area – some call it rural mystique (Theodori & Willits, 2019). In the U.S., rural areas are often geographically isolated where tall

buildings and the hustle of city streets are far away. Rural areas are thought to be traditionally conservative, politically and socially, and places where people value relationships between their family, friends, and neighbors, though are wary of outsiders and new ideas. These factors create a context which is associated with rural environments and influences the individuals, groups, and organizations within them: “The cultural context in which a given organization exists matters specifically because organizations are not singular and organic entities in themselves but organizations – structures for organizing voluntary and human financial resources in a given population or geography to accomplish public good” (Kinsey, Raker, & Wagner, 2003, p. 99). Few studies have been conducted on organizational capacity of rural nonprofits and gaps exist (Walters, 2020a). Further, though environmental contextual factors are a major part of the rural identity, minimal information about how the interaction of these factors with organizational capacity in nonprofits. The current study fills this void by delving into a qualitative exploration regarding strengths and challenges of organizational capacity in rural nonprofits. With a social justice emphasis from social constructivist and transformative worldviews, the perspectives from nine human service organizations in rural, persistently poor counties in the South were gathered.

Findings reveal that participating organizations had strengths in all capacity domains: community partnerships and relationships, communications, finance and accountability, fundraising, leadership, planning, and programming. Specifically, the nonprofits were skilled at remaining relevant in their communities, problem-solving and innovation, retaining staff and volunteers, fundraising with modern modes, processes in financial accountability, and collaboration with local and extended partners. The study exposed several challenges as well: lack of formal assessment and evaluation, communications quantity, volunteer and staff

recruitment, and minimal formal planning. The communities themselves presented barriers, described as dimensions of influence in rural areas, such as limited pool of prospective workers, transportation, poverty, rugged individualism, tradition, trust and relationships, and the “Good Old Boy” system.

The findings of the present study provide connections between environmental contextual factors and organizational capacity that have been explored minimally. Identifying barriers, strengths, and weaknesses will allow for additional focused research on these areas. Future investigations, both quantitative and qualitative, should focus on expanding the knowledge for each barrier that impedes social justice efforts by rural nonprofits. For example, how does the “Good Old Boy” system impact efforts to recruit and hire people of color in nonprofits? Or, further exploration into rugged individualism and fundraising in rural nonprofits may shed light on challenges in local giving. More still, the impact of structural racism on nonprofits would be a powerful contribution to the literature.

This study and its findings inform policy and practice which is critical to addressing systematic problems of underinvestment in rural areas, persistent poverty, and racism. Without knowledge, funders can develop misperceptions and make mistakes in allocations. Further, capacity builders can utilize these findings to guide their work with rural nonprofits and become more perspective in their education efforts. By strengthening nonprofits with investments of funding and education, their work will contribute to improving the lives of individuals and families residing in rural communities.

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Appendix A3: Tables

Table 1

Case Details for Participating Nonprofits

Identifier	Location	Mission	Age, Years ¹	Total Expenses ¹²	Staffing	Affiliated with Parent or Larger Org.	Summary of Community Descriptions ³
GA1	GA	Women's health services	21-30 years	\$51,000 to \$100,000	5-10 employees	No	Less than 30,000 residents; spread out; much division between income classes; located in the Bible Belt and very church-oriented; "classic Southern town that is conservative and generally run by the same people all the time." Key community problems: Lack of transportation; lack of accommodations for individuals and families who are homeless
GA2	GA	Food bank	11-20 years	<\$50,000	Volunteers only	No	About 4,000 residents; former factory town; lacking some services like a hospital; not in good financial shape; churchgoers with strong beliefs in God, family, and county; "few college-educated people" and "a lot of low-income folks." Key community problems: Lack of transportation; few jobs and joblessness
GA3	GA	Senior services	31+ years	>\$5 million	>10 employees	Yes	About 15,000 residents; tourism is important with nearby historical sites; predominately Black community; variety of religions and political backgrounds, though most identify as Republican; and "people are wonderful." Key community problems: Industry relocating and thus few well-paying jobs; people leaving the community to find work as a result; lack of work ethic in some people

1-Obtained from IRS Form 990 from 2016, put into ranges to protect anonymity; 2- Put into ranges to protect anonymity; 3-Provided by nonprofit leaders

Table 1 Continued
Case Details for Participating Nonprofits

Identifier	Location	Mission	Age, Years ¹	Total Expenses ¹²	Staffing	Affiliated with Parent or Larger Org.	Summary of Community Descriptions ³
KY1	KY	Youth development programming	31+ years	\$1-5 million	5-10 employees	Yes	About 500 residents; between a handful of small towns; Appalachian culture; religious; many aged and people with disabilities; fair amount of flight of young people... “if they can find a way out... to more prosperous areas.” Key community problems: Access to services; opioid epidemic – Many residents were employed as loggers or coal miners which took a physical toll on their bodies and they seek pain relief. For some, this results in abuse: “...current generation basically absent, incarcerated, overdosed and dead, or have left the family... whole lot of folks that kids are being raised by their grandparents.”
KY2	KY	Holiday assistance	11-20 years	<\$50,000	Volunteers only	Yes	About 10,000 people located near several small cities; several nature tourist attractions nearby; wooded areas; former railroad town; many churches; people are “well-mannered” and “oriented to family” and community. Key community problems: Industry relocating and thus few jobs; people leaving the community to find work as a result
KY3	KY	Affordable housing	5-10 years	\$1-5 million	<5 employees	Yes	4,500 residents in county served; mountainous community and very spread out; former agricultural and coal community; religious people; much poverty; low-to-moderate income who work and “want more in life” but “if you don’t the means to commute an hour each way for the better job...sometimes you’re stuck in that same cycle.” Key community problems: Lack of transportation; few jobs and joblessness

1-Obtained from IRS Form 990 from 2016, put into ranges to protect anonymity; 2- Put into ranges to protect anonymity; 3-Provided by nonprofit leaders

Table 1 Continued
Case Details for Participating Nonprofits

Identifier	Location	Mission	Age, Years ¹	Total Expenses ¹²	Staffing	Affiliated with Parent or Larger Org.	Summary of Community Descriptions ³
MS1	MS	Youth residential facility	31+years	>\$5 million	>10 employees	Yes	About 500 residents; former agricultural community; lower to middle-upper class residents; blue collar workers; people involved in church; "People rally around you, and they love you for where you are, and they will take care of you."
MS2	MS	Affordable housing and housing repair	21-30 years	<\$50,000	<5 employees	Yes	Key community problems: Few jobs and consolidated school system are slowly moving people towards cities. About 18,000 residents; located in the Mississippi Delta region where it is "flat as a pancake" but fertile; agriculture community; many are living in poverty; low level of housing quality; overwhelmingly Christian; "remarkably friendly," though it is "superficial friendliness;" severely racially divided with "poverty center in the Black community and the wealth primarily monopolized by the White community." Key community problems: White supremacy and historical race issues; debilitating poverty; poor education system; lack of family structure; and teenage pregnancy
MS3	MS	Poverty assistance	5-10 years	\$100,001 - \$500,000	Volunteers only	No	About 3,000 residents; combination of a delta and hill country; agricultural and timber community; Bible Belt county; majority Black county; not trusting of outsiders: "because you're a Yankee, you're always a Yankee in the South." Key community problems: White supremacy and historical race issues; poor education system; few jobs; little training opportunities; no recreation for children; lack of accommodations for individuals and families who are homeless; few mental health services

1-Obtained from IRS Form 990 from 2016, put into ranges to protect anonymity; 2- Put into ranges to protect anonymity; 3-Provided by nonprofit leaders

Table 1. Case details for participating nonprofits. Table 1 provides details for participating nonprofit in the study. Three nonprofits from three states, Georgia (GA), Kentucky (KY), and Mississippi (MS), are represented. The location, mission summary, staffing, and community descriptions were noted by the nonprofit leaders who were interviewed. The age and total expenses ranges were obtained from the IRS Form 990.

Appendix B3: Figures

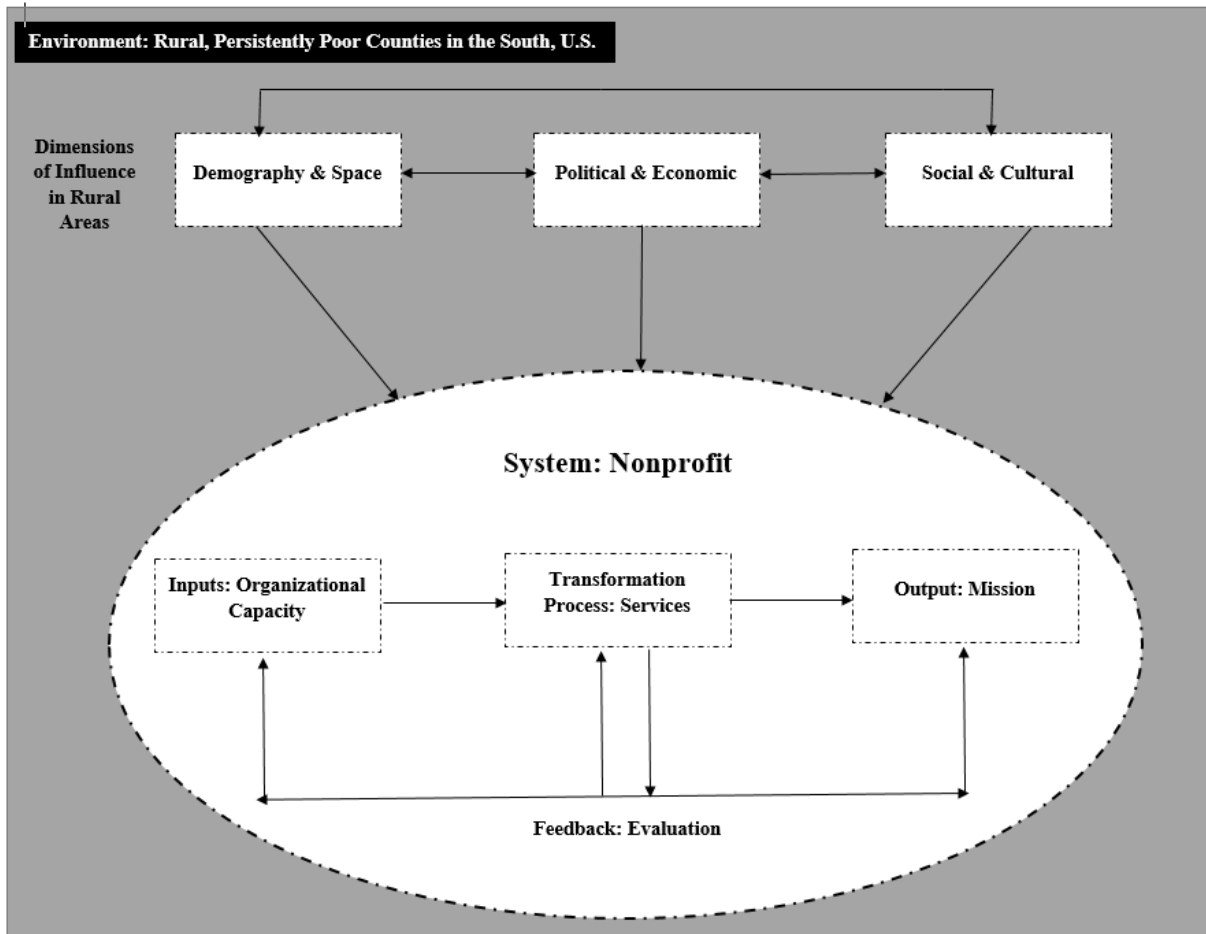


Figure 1. Conceptual framework for the present study. The conceptual framework that informs this study is based on the intersection of two theories, Systems Theory (Cunliffe & Luhman, 2013) and Critical Rural Theory (Thomas, Lowe, Fulkerson, & Smith, 2011).

CHAPTER V: CONCLUSION

The chief purpose of this dissertation was to gain insight into the rural nonprofits in the U.S., their organizational capacity, and how being in a rural community might impact their operations. Three separate but related studies were conducted to address this goal.

The first study of the dissertation, Chapter 2, is a scoping review that sought to characterize the state of knowledge regarding organizational capacity of rural nonprofits in the U.S. within the past decade. Fifteen articles met inclusion criteria. These studies identified an array of challenges for rural nonprofits, as well as some strengths and assets. Organizational capacity areas within included articles were communications; financial systems and accountability; human resources; legal affairs; leadership and staffing; program design, management, and evaluation; resource development; strategic planning, mission, and vision; and technology. Most studies conveyed difficulties with resource development and insufficient funding which impacted nearly every aspect of the organization. Fundraising presented a major challenge as organizations noted that they were short-staffed and did not have adequate training. Some studies shared that staff and volunteers were very inventive with the limited amount of available resources, such as building networks, creating partnerships, and collaborating with other organizations to share resources. None of the studies specifically addressed organizations' strategic planning process or their capacity to conduct it. Organizations in four studies were open to changes to meet the needs of the community and utilized creative problem-solving approaches. Three studies minimally discussed that organizations were unable to be attentive to future endeavors and deliberate about preparation for impact and growth because they were focused on immediate needs – filling fundraising gaps, keeping the doors open, and providing essential services. Finding and keeping qualified staff as well as volunteers who had the

necessary education and skillsets to provide services and management were major barriers to accomplishing goals, positive outcomes, and growing organizations in some cases. Even with limited resources, many organizations within the included studies were offering innovative programming and meeting a variety of needs in communities. However, with less available funding and smaller budgets impacting staffing and training among other aspects, the quantity and quality of programming suffered in some organizations. Evaluation of programs is occurring minimally due to lack of time, funding, and knowledge. Several studies noted that many organizations participated—and for a few, relied heavily on—collaboration and communication with other nonprofits, funders, governments, and elected officials. For some rural nonprofits, engagement with clients and supporters is also a strength, and they are well-known, but others struggled to connect with stakeholders as much as they desired. Only one study discussed technology capacity issues in rural nonprofits and noted that high-speed internet, staffing, and training were deficits.

While the studies included in this review provide insight into some topics, numerous gaps exist in understanding organizational capacity of rural nonprofits. Related to financial health, there are several unknown factors about rural nonprofits: if and how often are they developing fundraising plans and are diversifying revenue streams; if they have specific fundraising staff; if fundraising training is being conducted for staff and volunteers; if staff or volunteers have grant proposal writing knowledge; how often grant proposals are being submitted and to whom; if they are engaging in social enterprises or market-based revenue generating activities; and if organizations have financial accountability and monitoring procedures. Other areas where knowledge is limited include rural nonprofits' knowledge of and engagement in strategic

planning, succession planning, human resources processes, staff training, legal compliance and monitoring, program evaluation, and internal and external communications processes with stakeholders. These gaps imply the necessity of future research – both quantitative and qualitative – regarding rural nonprofits in the U.S. For practice, uncovering an improved understanding of rural nonprofits’ challenges and strengths related to capacity will lead educators, funders, and other stakeholders to better assist these organizations –as well as small nonprofits located in other parts of the U.S.– to become more resilient and meet their missions to address and solve the economic, health, and social problems afflicting our communities.

The second study of the dissertation, found in Chapter 3, focused on nonprofits located in rural, persistently poor counties in the South. With three key objectives, the investigation sought to 1) describe characteristics of the organizations serving this region; 2) establish a baseline knowledge of organizational capacity; and 3) identify organizational capacity domains in rural nonprofits. Mississippi, Kentucky, and Georgia had the most nonprofits in the counties of interest. The average nonprofit was 19.42 years old. Seventy-five percent had budgets less than \$500,000. The human services category had the most nonprofits (39.3%). Financial management, strategic planning, collaboration, communication, and program planning were strengths in organizational capacity. Personnel evaluation, succession planning, fundraising planning, training, HR policies, and volunteer management were challenges for rural nonprofits. To assess the dimensionality of the organizational capacity assessment, an exploratory factor analysis (EFA) was performed. The EFA resulted in four organizational capacity domains with 36 items. The four domains were Organizational Identity (who is the organization and what does it do); Fund Development (fundraising practices); Volunteers (volunteer practices); and Organizational

Procedures (operations and function related to human resources, technology, legal and compliance, program design and evaluation, executive and board leadership, and financial systems).

This study contributes to the minimal existing literature on rural nonprofits in the U.S. by exploring their characteristics and organizational capacity. Various gaps in rural nonprofit research were addressed by this second study including building awareness for the strengths and weaknesses related to organizational capacity as well as examining measurement of organizational capacity. Targeting an especially vulnerable area, the geographic focus of rural, persistently poor counties in the South contributes to the scarce literature on persistently poor counties and the organizations that provide valuable services to their residents.

Several implications for further research emerged. Nonprofits in the area of interest may have lower organizational capacity than in other geographical areas, and therefore, conducting national studies with Census-region comparison might provide a better understanding of geographical disparities in organizational capacity which might assist in funding and assistance decisions. Overall, there were few organizations that served rural, persistently poor counties, but more research is necessary to explore statistical differences among states as well as the association of poverty level with the number of nonprofits – especially human services-oriented organizations. Regarding the identification of new organizational capacity domains for rural nonprofits, additional research is needed to test the utility of the instrument with rural nonprofits with various budgets and age.

The third study of the dissertation, found in Chapter 4, applied a qualitative, multiple-case study approach to thoroughly examine organizational capacity of nonprofits in rural,

persistently poor counties in the South. In semi-structured interviews, nine leaders from human service-oriented nonprofits offered their perceptions of the strengths and challenges of operating a rural nonprofit. Contrary to the belief that rural nonprofits may not be as competent as their urban and suburban peers, the findings of this study indicate that may not be the case. Most organizations had been in existence for long periods, and they had quality finance standards, engaged in planning and assessment, utilized multiple methods of fundraising, and implemented robust programming. One of the major strengths in rural human service organizations was how committed nonprofit leaders and their organizations are to these especially vulnerable communities. These individuals were open to change, adapting to the needs of communities, and despite minimal resources, developing innovative solutions and collaborations to solve problems. The participating organizations also had long tenure and low turnover among leaders and volunteers which was contrary to past research. Many organizations also had working boards, which is not as common as those who only govern.

Though competent, challenges existed in participating organizations. The lack of volunteers and staff contributed to many of the problems, specifically in the volunteer-driven and small nonprofits. When few personnel exist, workers must focus on day-to-day operations, which leads to the inability to conduct planning, assessments, communications, and financial accountability tasks. Organizational capacity domains are interconnected, and thus, when one domain has challenges, it impacts all domains. Another challenge is the minimal succession planning occurring in these organizations – this is especially problematic because several of the leaders were older. Finally, persistent systematic issues, including racism and classism, were noted as key problems in the communities of some of the nonprofits. These issues prevented

them from forming relationships with other organizations as well as providing services to people who need them.

Related to the demography/space element of environmental context, several leaders felt the pool of available, qualified volunteers and staff were limited in their rural communities. However, a few nonprofits employed the indigenous leader approach in which they recruited local people who were familiar with the community and the problems experienced by the clients of the organization. Some organizations recruited from other parts of the country and felt that the outside perspective was helpful to their operations. From a political and economic element, leaders of the nonprofits indicated that minimal employment opportunities and lack of transportation prohibited communities from escaping impoverished conditions. Fundraising from residents was basically nonexistent, requiring nonprofits to solicit outside of their communities. Nonprofit leaders also encountered the concept of rugged individualism, where their missions were sometimes rejected because local government officials or churches believed that poverty is due to individualistic reasons. From the cultural element of environmental context, the “Good Old Boy” system or network – doing favors for one’s friends based on power and politics – impacted some of the rural nonprofits. This system is dangerous because, as demonstrated in the findings, checks and balances are often forgotten (e.g., embezzlement occurred in one organization). Another reason that this system is problematic is that people of power tend to dominate leadership positions in nonprofits and control services provided.

The findings of the third study provide connections between environmental contextual factors and organizational capacity that have been explored minimally. Identifying barriers, strengths, and weaknesses will allow for additional focused research on these areas. Future

investigations, both quantitative and qualitative, should focus on expanding the knowledge for each barrier that impedes social justice efforts by rural nonprofits. One such pathway is exploring racism and classism in rural communities and its impact on nonprofit mission, fundraising, and hiring practices.

In sum, the studies presented in this dissertation provided a foundation of knowledge about rural nonprofits and their organizational capacity that was previously unexplored. These findings will inform policy makers, capacity builders, and funders in their efforts to help individuals and families residing in rural communities through the missions of nonprofits.

VITA

Jayme Walters was born and raised in Carmi, Illinois, a small, rural town in the southern part of the state. In 2007, she earned her Bachelor of Science in Social Work degree with a Magna cum Laude distinction from Southern Illinois University in Carbondale. Walters continued her educational career at the University of Georgia, where she was awarded a Master of Social Work degree and a certificate in Nonprofit Development and Management in 2008. For the first few years of her career, Walters worked as a school social worker. In 2011, she transitioned to her passion of macro social work, working for a homeless services organization as the Director of Development. In 2014, Walters had the opportunity to move into the Grant Writer and Special Assistant to the President positions at Brescia University. It was at Brescia where she was offered the chance to become an adjunct instructor in the School of Social Work and realized that teaching budding social workers was a role that she wanted for her long-term career. Thus, Walters began the PhD journey in 2016 at the University of Tennessee.

As a PhD student and candidate, Walters has worked with several research mentors, including Dr. Lisa Reyes Mason on environmental social work topics, Dr. David Dupper on higher education administration, and Dr. William Nugent on research methodologies. Her research interests include rural communities; nonprofit organizational capacity; nonprofit management; fundraising and philanthropy; social work leadership; macro social work practice; and well-being of social workers.

Walters teaches as an adjunct for Brescia University and the University of Tennessee. She is expected to graduate with her PhD in May 2020 and will begin an assistant professor post at Utah State University in Fall 2020.