

# Adaptive Capacity in Israeli Social Change Nonprofits

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*Adaptive capacity, considered one of the essential organizational capacities for enabling nonprofits to achieve their missions, requires nonprofits to act as learning organizations and to use evaluation as a tool to enhance organizational learning and performance. Nonprofits at the start-up or growth phase face a particular set of challenges in maintaining their adaptive capacity. A theoretical framework for assessing a nonprofit's organizational readiness to improve its adaptive capacity was developed and applied to 10 emerging social change nonprofits in Israel. The results demonstrate the utility of the conceptual framework while providing insight into the day-to-day realities of organizational life that help to shape the adaptive capacity of the 10 nonprofits in the sample. Key issues relating to the adaptive capacity of the nonprofits and their particular stage of organizational development also are raised.*

**Keywords:** *learning organization; nonprofit; adaptive capacity; Israel; social change*

In recent years, organizational capacity building for nonprofits has been the subject of considerable discussion (e.g., Blumenthal, 2003; Light, Hubbard, & Kibbe, 2004). Among the four core organizational capacities that are considered critical for nonprofits are adaptive capacity, leadership capacity, management capacity, and technical capacity; adaptive capacity is considered by many as the most vital (Connolly & York, 2003; Letts, Ryan, & Grossman, 1999). This study presents an adaptive capacity conceptual framework and uses it to examine the organizational readiness of emerging social change nonprofits in Israel, thereby gaining insight into their adaptive capacity within the context of their particular stage of organizational development (see Stevens, 2001).<sup>1</sup>

## ADAPTIVE CAPACITY: A THEORETICAL BACKGROUND

Adaptive capacity requires nonprofits to act as learning organizations and to use evaluation as a tool to enhance organizational learning and performance (Letts et al., 1999; Sussman, 2003). The capacity to learn is considered crucial for ensuring long-term organizational stability and productivity (Argyris & Schon, 1996; Garvin, 2000; Senge, 1990). A learning organization evidences a

commitment to inquiry, exhibits fluid information exchange across organizational boundaries (external and internal), possesses knowledge management systems that facilitate collective learning, and demonstrates strategic and tactical decision-making based upon what is being learned. (Bickel, Millett, & Nelson, 2002, p. 1)

For organizations to learn, individuals have to learn (Garvin, 2000; Preskill & Torres, 1999; Senge, 1990). Continual scans of the environment, systematic reflection around goals, and a culture of collaboration and trust are essential elements to support individual learning (Volpe & Marsick, 1999).

Although embraced in theory, examples of learning organizations are “surprisingly rare,” (Garvin, 2000). What is often underestimated in change efforts is the significance of the organizational culture and the role it plays in either inhibiting or facilitating learning (Schein, 1992). An essential step toward becoming a learning organization is to assess the current condition of the organization and its readiness for organizational learning (Davidson, 2001; Marsick, Volpe, & Watkins, 2003; Preskill & Torres, 2000).

In addition to acting as learning organizations, organizations with adaptive capacity adopt a participatory approach to evaluation in an effort to enhance organizational learning. Participatory models of evaluation, as distinguished from traditional evaluation methods, are increasingly being used to help empower staff, create multiple learning opportunities, and promote organizational development (Cousins & Earl, 1995; Patton, 1997; Preskill & Torres, 1999). With an emphasis on factors such as collaborative learning, linkage between learning and performance, training in inquiry skills, and solicitation of diverse perspectives (Preskill & Torres, 1999, p. xx), participatory evaluation requires an organization to proactively engage its members in the process. An understanding of the organizational infrastructure and culture is essential to the evaluation process (Chelimsky, 2001; Preskill & Torres, 1999) and can help to contribute to organizational learning and, ultimately, to enhancing adaptive capacity.

The conceptual framework of adaptive capacity used in this research draws from the literature of nonprofit capacity building (Letts et al., 1999; Sussman, 2003, 2004), organizational learning (e.g., Argyris & Schon, 1996; Garvin, 2000; Senge, 1990), informal learning (Marsick, Volpe, & Watkins, 1999; Raelin, 2000; Volpe & Marsick, 1999), social capital (Cohen & Prusak, 2001; Putnam, 1993), communities of practice (Wenger, McDermott, &

**Table 1. Understanding Organizational Readiness for Adaptive Capacity Building**

<i>Description of Concepts</i>	
Shared Vision <sup>a</sup>	<p>Creating shared understanding, collectively building a shared purpose. Staff involved in setting, owning, and implementing a joint vision.</p> <p>Organizational vision integrated with personal vision. Understanding of how job tasks fulfill organizational goals.</p> <p>Articulated learning strategy and investment in long-term planning.</p>
Inquisitiveness/ Openness	<p>Embracing dissension and diversity of perspectives. Willingness to question underlying assumptions and accepted wisdom.</p> <p>Rewarding curiosity, risk taking, and experimentation. A marketplace for new ideas with a participatory style of decision making.</p> <p>Nurturing a safe environment for failure. Learning collectively from past mistakes. Discussions focus not only on success or noncritical problems.</p>
Evaluative Thinking/ Systems Thinking <sup>b</sup>	<p>Understanding interdependence of different parts of organization.</p> <p>Recognizing patterns of change/addressing underlying causes of events/acknowledging the nature of unpredictability.</p> <p>An “appetite for inquiry”: seeking out data and information to learn and then apply and share the knowledge.</p> <p>Data collection, learning, and knowledge development are an essential, organization-wide effort. Evaluative activities are considered as a tool for learning and improving performance.</p>
Social Capital <sup>c</sup>	<p>Creating an environment of trust among staff. Ensuring that organizational policies nurture trust.</p> <p>Encouraging of group dialogue, communication, and collective reflection.</p> <p>Signaling the importance of knowledge sharing and importance of reciprocity. Rewarding group success, not just the individual. Expectation of staff to work together.</p> <p>Creating opportunities for interaction (providing both time and space).</p> <p>Supporting the creation of social networks.<sup>d</sup></p>
External Focus/ Network Connectedness <sup>e</sup>	<p>Awareness of interdependence with surrounding environment. “Sufficiently porous” to information and ideas and locates resources and capacities from outside of organization.</p> <p>Understanding of potential to create systematic change through strategic alliances and joint efforts with other organizations. Construction of partner ships or affiliations with other organizations and colleagues.</p> <p>Understanding needs of clients or other organizational stakeholders.<sup>f</sup></p>

a. A work environment that fosters both a shared vision and a sense of inquisitiveness or openness can at first appear to be encouraging values that are not complementary. However, it is only when a learning organization has a shared vision that it is able to provide a “rudder” that keeps everyone on course throughout the process of ongoing organizational growth and change (Senge, 1990, p. 209). Obviously, it can be uncomfortable to be disruptive to an organization by questioning accepted norms or taking on the conventional wisdom (Garvin, 2000; Raelin, 2000), which is inevitably a politically charged process that can expose vulnerabilities at the individual or organizational level. The forces that seek to maintain the status quo can be overwhelming unless a compelling vision provides a direction (Senge, 1990). This shared vision will foster the risk taking and experimentation necessary to change the status quo of the organization (Senge, 1990).

b. Systems thinking and evaluative thinking, although conceptually distinct, are interdependent and therefore linked together in the framework. Gaining an overall understanding of the relationship among the various parts of the organizational system comes through systematic evaluation of the organizational work. Furthermore, as part of an effort to adopt systems thinking,

*(continued)*

Table 1. (continued)

it is important for organizations to challenge existing assumptions, focus on feedback, and seek multiple points of view (Sterman, 2001) through the use of evaluation.

c. Defined as “features of social organization, such as networks, norms and trust that facilitate coordination and cooperation for mutual benefit” (Putnam, 1993, p. 1), social capital is considered essential for learning organizations (Cohen & Prusak, 2001). This conceptualization of social capital in the workplace is based on research linking social capital to organizational learning (Cohen & Prusak, 2001; Davenport & Prusak, 2000). For a detailed discussion, see Strichman (2005).

d. While emphasizing the benefits of social capital, it is important to remember that an organization’s strength, such as the existence of informal networks among staff that is characterized by high levels of social capital, also can be its weakness (Wenger, McDermott, & Snyder, 2002). A potential danger is that the closeness of a community with high social capital can create bonds that may lead its members to stop seeking external input or initiating explorative efforts. Without continued vigilance, members can continue to reinforce each other’s beliefs and attitudes, thereby making it difficult for the organization to seek new perspectives (Wenger et al., 2002). For more information on the balance between innovation and a strong culture in nonprofit organizations, see Jaskyte (2004). This issue is relevant for the other adaptive capacity dimensions as well. For example, an organization with too much external focus can run the risk of becoming externally dependent versus being an internally dependent organization that takes full responsibility for its performance and its own well-being (see Stevens, 2001).

e. Termed and defined by Sussman, 2003.

f. Stakeholders may include members of the organization’s target population, partners, funders, board members, community representatives, and volunteers. See Balsler and McClusky (2005) for research on the relationship between nonprofit organizations and their stakeholders.

Snyder, 2002; Wenger & Snyder, 2001), and knowledge management (Davenport & Prusak, 2000; Seely Brown & Duguid, 2001). Table 1 presents a framework for understanding what makes an organization ready to engage in the ongoing process of adaptive capacity building. Five key dimensions are identified: shared vision, inquisitiveness/openness, evaluative/systems thinking, social capital, and external focus (see Table 1). It is worth noting that the dimensions are interrelated, overlapping, and serve to strengthen one other.<sup>2</sup>

#### ADAPTIVE CAPACITY AND ORGANIZATIONAL LIFE CYCLES

In considering the theoretical model for adaptive capacity, it is also important to keep in mind that the demands on an organization and its organizational capacity and competencies to respond will vary depending on the nonprofit’s stage of organizational life (Connolly, 2006; Stevens, 2001). As such, in determining the organizational readiness for capacity building, it is also essential to reflect on the organization’s respective stage of development.<sup>3</sup> Although the specific developmental stages are defined differently by various nonprofit researchers (see Connolly, 2006; Light, 2004; Simon, 2001; Stevens, 2001), the life cycle approach, in general, outlines the various organizational milestones, including the initial idea phase (Can this dream be realized?), the growth stage (How can we build this to be viable?), and the mature phase (How can the momentum be sustained?) (Simon, 2001).<sup>4</sup> The life cycle model and

other issues related to organizational developmental processes, such as the impact of the external environment, can be helpful in understanding where an organization is relative to its readiness for engaging in adaptive capacity building. We return to these considerations in our discussion of results.

## RESEARCH STUDY AND METHODS

A lack of organizational readiness is cited as one of the major reasons that capacity building efforts often fall short of addressing the most pressing needs of nonprofits (Connolly & York, 2003). The importance of gauging the level of organizational readiness prior to engagement in all types of capacity building efforts, including work related to adaptive capacity, is highlighted in the research (Blumenthal, 2003; Connolly & York, 2003; Fine, Kopf, & Thayer, 2001). Yet at the same time, there is little understanding of what makes a nonprofit ready, in general, to engage in the process of capacity building and, more specifically, to strengthen its adaptive capacity (Connolly & York, 2003). This research was designed to investigate the perspectives of nonprofits regarding their readiness to enhance adaptive capacity. Using the framework outlined in Table 1, the following questions were addressed: (a) How do the nonprofit staff and board members perceive the adaptive capacity of their respective organizations? and (b) What are important factors that can be identified as either facilitators or barriers to the ability of these nonprofits to promote their adaptive capacity?

## CONTEXT OF THE RESEARCH

Both the organizational life cycle model and the adaptive capacity model are especially relevant to the context of research on social change nonprofits in Israel. This research focuses on nonprofits in Israel that are advocating for progressive social change; working to empower minority or disadvantaged groups; and striving to ensure the social, economic, and religious rights of all Israelis.<sup>5</sup> In the past 20 years, significant changes have taken place in the nonprofit sector in Israel.<sup>6</sup> Marked societal trends since the mid-1970s, such as the growing awareness of the tool of independent collective action (Gidron, 1992), the increased level of citizen participation in the public sphere (Alterman & Vraneski, 1995), and the rising influence of the mass media (Eisenstadt, 1985), accompanied the extensive growth in number and influence of nonprofit organizations, especially those in the fields of advocacy and social change.<sup>7</sup> Considered a relatively recent phenomenon, social change organizations such as those under study are often at similar stages of organizational development. They cope with many of the challenges faced by nonprofits promoting social, economic, and political change, such as ambivalent relations with the government and dependence on external resources (Brown & Kalegaonkar, 2002), with the majority of social change organizations in Israel receiving more

than 80% of their funds from international donors (L. Asa, personal communication, May 22, 2005).<sup>8</sup> Similar to their counterparts around the world, Israeli social change nonprofits also face challenges from within the sector, including amateurism, scarcity of resources, and fragmentation among civil society actors (Brown & Kalegaonkar, 2002). Moreover, with military and security concerns as paramount in Israel, these nonprofits regularly struggle to place these types of social issues on a crowded public agenda and they are especially required to display high levels of adaptive capacity.

## SAMPLE

The 10 social change nonprofit organizations participating in the study were drawn from a pool of organizations in contact with Shatil, a national capacity building center for progressive nonprofits in Israel.<sup>9</sup> Organizations were selected based on two criteria. First, the organizations in the sample have been established for at least 5 years and are considered past the “idea” stage of their development (Stevens, 2001). Second, the first initial step of readiness for any capacity building effort has been taken as a given; the participating nonprofits have determined that they could benefit from some type of capacity building assistance, ranging from participation in fund-raising workshops to individual consultation, by engaging with Shatil.<sup>10</sup> Considered as relatively small nonprofits, the average number of paid staff members among the 10 nonprofits is seven and the majority have annual operating budgets of less than \$300,000.

Effort was taken to select nonprofits that represent the diversity of social change organizations in Israel, including those working in fields such as civil and human rights, environmental protection, women’s issues, and social and economic equality. More specifically, women’s economic empowerment, Israeli-Palestinian rights, and the integration of Ethiopian immigrants are a sample of the issues addressed by the organizations in this study. Due to the numerically small and intimate nature of the social change nonprofit community in Israel, the confidentiality of the participating organizations is maintained.

## METHOD<sup>11</sup>

Based on the theoretical framework outlined in Table 1, a questionnaire<sup>12</sup> and interview protocol were used to explore the attitudes of the nonprofit staff toward their respective organization’s work environment and culture as it relates to adaptive capacity. In addition, open-ended items were added to provide the respondents with an opportunity to articulate perspectives on the topics in their own words. Sixty respondents completed questionnaires out of a total of 73 staff members from 10 organizations (representing a total response rate of 90.4%). Interviews among the staff and board of the participating nonprofits were subsequently carried out to further explore in-depth the issues raised in the questionnaires. In total, 43 interviews were carried out face-to-face with staff members of the 10 nonprofits. Ten interviews (both in person and by phone) also were held with board members of the nonprofits.

## RESEARCH FINDINGS

The results are presented according to five key dimensions of adaptive capacity. Each dimension of adaptive capacity is discussed in detail by section with a general discussion of the findings across organizations. The reporting of the findings focuses on the overall themes that emerge from the 10 nonprofits.<sup>13</sup>

### SHARED VISION

Overall, the staff members of the nonprofits in the sample indicate a strong commitment to and a clear understanding of their organization's mission. However, at the same time, these nonprofits sometimes encounter difficulties in developing a cohesive strategy and long-term plan for the future.

As part of a relatively new social change community in Israel, a significant percentage of the current staff were some of the founders and often worked for years as volunteers prior to the official establishment of their nonprofits. This dedication to the organizational vision among the staff also is accompanied by a keen sense of immediacy and urgency about their work. Operating in the highly volatile Israeli social-political context, the staff of these nonprofits have to remain especially motivated and committed to their organizational vision. Indeed, the majority of the nonprofits in the sample enjoy an important characteristic of learning organizations: personal fulfillment and professional fulfillment are intertwined and the goals of the staff are consistent and interdependent with the organization's vision. As a staff member explained, "There is only a very small gap between our dreams and the dreams of our constituents." Many of the nonprofits have successfully created an engagement among the staff where individual identity and organizational identity have become tied together. A staff member from another organization reflected on this issue,

What we require from the participants, we require from ourselves. We build this together. This work places a responsibility on you, that you do not just go home but you live it 24 hours a day. You cannot be a bystander to what is happening around you.

Yet although there may be strong consensus on the organizational vision, it is uncertain as to what degree the nonprofits in the sample are successfully considering and mapping a long-term strategy. Several of the nonprofits are having difficulties reaching a shared understanding or providing sufficient clarity regarding the specific goals that are designed to achieve the mission. For example, staff members from two different organizations voiced their concern,

We need to match our strategies for each goal. It is very difficult for us to connect the goals of the organization with the investment of time and



to understand that if we do A, it will lead to B, which will lead to C.

We need to spend more time planning and not just advance by inertia. If we are not pushed by a dilemma, then we do not ask if our strategy is right or wrong. We have too many missions. It is like we are standing there holding our finger on a hole in the dam.

Even when nonprofits do have a well-conceived strategy, there is always the challenge of “staying on mission.” It takes a great deal of discipline, especially for many of these nonprofits that are struggling to secure ongoing funding, not to be diverted from their core mission. As articulated by a staff member, “There are always requests for us to be involved in projects that are not necessarily in total sync with our vision. We have an ongoing challenge of staying with the organizational vision.”

Creating coherence between vision and strategy raises important questions regarding the role of the board. As part of a movement that is establishing a new tradition in Israel, many of the social change nonprofits’ staff, volunteers, and board members are still learning the dynamics of a nonprofit organization. Indeed, the whole notion of lay leadership is a relatively new concept in Israel. Among the sample, there is often an ambivalence regarding the role of the board among the nonprofits. It is unclear the extent to which the nonprofits are using their board to help shape their overall strategic direction and bring a diversity of perspectives to the organization.

#### INQUISITIVENESS/OPENNESS

The staff of the nonprofits in the sample generally characterize their organizations as collaborative work environments that enable open dialogue and feedback. At the same time, these nonprofits may be encountering some difficulty, especially in the face of growth, in responding effectively to changing needs and enabling the staff to learn together to continuously improve organizational performance.

The majority of the nonprofits, many whose stated goal is to create a more just and democratic society, are conscious of linking their organizational values to their organizational management style. They are purposeful about creating an organizational culture that mirrors the values that they espouse to the outside. A staff member emphasized the link as follows:

We are always adapting—the personal traits of the staff and the non-hierarchical structure where everyone can influence policies allow for this. . . . These are values that we are promoting outside and we are intentional about this.

Overall, staff members indicate that the organization leadership employs a participatory model of decision making and that they generally feel comfortable



asking questions, offering alternatives, and conveying information that may contradict current practices or beliefs. Yet these nonprofits, similar to many other social change organizations, are taking on difficult societal problems with limited resources and little ability to sufficiently invest in the professional development of the staff. As one staff member explained,

I am not sure how much the staff is continually learning, processing new information, and seeking examples of similar work in Israel and internationally. We could learn more from like-minded organizations and the literature and not always reinvent the wheel.

With minimal resources to invest in skill development, reward staff performance, or provide monetary incentives for staff to engage in activities that may enhance organizational learning, these nonprofits have to be very strategic in developing a shared understanding of what knowledge is needed to successfully pursue the organization's strategic goals. As the nonprofits in the sample continue to grow and develop, maintaining a balance between their organizational vision, strategies, and capacities with the demands for innovativeness and growth becomes especially challenging. For example, as one staff member noted, "We are a small organization doing big things. And you can lose important things when trying to be big." Another staff member discussed this challenge, "We are now moving from 'ad hoc' procedures that were based on ideology and commitment into one that has established roles, and yet at the same time allows flexibility." Many of these nonprofits are searching for the balance between an organizational culture that prizes informality and openness and the need to establish systems and structures that can provide stability and enhance learning. The systematic collection and distribution of knowledge is further explored in the following section.

#### SYSTEMS/ EVALUATIVE THINKING

The intimate and informal nature that characterized the establishment phase of most of these nonprofits is slowly being transformed, either intentionally or unintentionally, to cope with growth. Many of these nonprofits organizations are now finding that as they move into a new phase of development, it is necessary to have very clear systems in place for learning and evaluating performance. According to the staff and board, it is an ongoing challenge that these organizations are struggling to cope with effectively.

It appears to be questionable at times how these nonprofits, understaffed and with few resources, are able to ensure that they take a systematic approach to problem solving and that each organizational member has an overall understanding of the relationship among the various parts of the organizational system. As expressed by a staff member, they can encounter particular difficulties in doing so:

The problem here is the inability of our organization to do anything that is not in “crisis mode.” Our time is constantly stressful. Because of the lack of organization, we have to work frantically, come in during the weekends, and take care of the big crisis. Then it just starts all over again.

Operating in pressured work environments and often lacking the necessary organizational capacity, it can be especially difficult for staff members of the sample to avoid working continually in crisis mode and only temporarily solve problems until they recur again. It presents significant obstacles to creating a long-term evaluation strategy as well.

The staff in the nonprofits in the sample clearly demonstrate a desire to make an impact, yet they do not always have the training or skills needed to evaluate whether they are progressing toward their desired goals. Similar to many nonprofits, the organizations in the sample are tackling difficult social problems where progress is both hard to make and challenging to measure. The staff also cope with additional obstacles, such as time constraints, minimal resources, and little experience with formal evaluation. To further complicate matters, there tends to be a variety of interpretations regarding the purpose, the process, and the use of evaluative results. Views on evaluation, more so than the other aspects of adaptive capacity, often diverge among the staff members of nonprofits in the sample. Within the same organization, for example, there can be inconsistent views on whether evaluation is being carried out and, if so, if it is being done satisfactorily.

Organizational history and culture play a role in existing attitudes toward evaluation. After years of operating in a volunteer-oriented work environment, staff of several of the nonprofits are now being held much more accountable for gathering data, documenting their experiences, and sharing their learnings. It presents a difficult challenge for some of the organizations as they struggle to establish data collection and measurement systems and new cultures where the process of self-evaluation is valued. As one staff member described,

From a truly grassroots, volunteer-oriented organization, with a few, very committed paid staff and very dedicated volunteers, we are moving into a new phase now. There is more staff and we are less and less reliant on volunteers. We need to move to another level where the work is different and the expectations need to be higher.

Similarly, a staff member at another organization addressed this issue,

We are less effective because of our niceness—we do not put our foot down enough but it is changing. . . . Originally, when the organization was just starting, things were free and equal. There were things that were unwritten but understood. There was informality to everything. Now we are moving to a more formal phase; we are using reports, setting procedures, etc.

While trying to hold on to elements of their “free and equal” culture, many of the nonprofits now understand that they need to adapt themselves to improve their overall effectiveness. When there is ambiguity regarding responsibilities and procedures, staff have more difficulty understanding what the expectations for performance are, where they should invest their time, and how they can measure their work. Furthermore, a lack of clarity and shared understanding around work procedures and organizational operations can damage the social capital in the organization, a topic that is discussed in the following section.

## SOCIAL CAPITAL

As indicated in the findings, social capital provides a sense of stability and connection among the staff members to their respective organizations. The work is quite difficult, often unpredictable, and the road can be rather bumpy; as one staff member cited the expression in Arabic, “one day is honey, one day is onion.” There are certain factors discussed earlier, such as the collaborative work environments and overall commitment to the organization’s vision, that contribute to their high levels of social capital. At the same time, these nonprofits can consider whether they are proactively creating social networks among staff, signaling the importance of knowledge sharing, and establishing organizational policies that nurture a sense of trust.

The majority of organizations have successfully created a sense of community or sense of belonging that provides support to their staff members while also positively affecting their level of motivation. A staff member emphasized this aspect of the work as follows:

Due to the nature of our work, we are always dealing with dilemmas, and it is very difficult in the current reality. We have to continue on with our way despite what happens. This is the place to get a hug and then continue on.

Overall, staff members feel valued and believe that they are making a meaningful contribution to their respective organizations. A staff member of one organization described the work environment: “We have an informal atmosphere, without real hierarchy; we are not a big organization but a small team. There is lots of room for imagination and initiative.” A staff member of another organization explained, “After all of our growth, certain things have not changed. The director stays as modest as he has always been. There is still a great deal of openness. And each of our contributions is valued.”

The modesty of the leadership is also of significance in nurturing social capital. In the majority of nonprofits in the sample, the leadership operates with a high level of transparency. For example, the organization’s transparency is reflected in its physical transparency, such as open office space. Both the open physical access as well as open access to information helps to nurture trust; every staff member can feel that they know “what’s going on”

and can contribute to and access the knowledge base of the organization. A staff member addressed this issue as follows:

We are careful to continually support each other and allow individual staff members to make a contribution. We have all built this together gradually over time. We can't give bonuses or rewards but we can give the staff a sense of how their work is valued.

Although many of the nonprofits are characterized by an atmosphere of trust and cooperation, there are numerous challenges that they face in nurturing social capital. For example, one of the difficulties often cited by staff is the logistical difficulty of coordinating time together when such a large percentage of the staff members are working part-time. A staff member reflected on this challenge,

The only way to work as an organization is to have a high level of cooperation where all of us know what is going on. . . . Most staff work part-time, 3 days at most. We have to consciously keep everyone on the ship because objectively we have little time that we are all together.

Balancing between allocating time for the "doing" and for discussion and reflection is a constant dilemma for these nonprofits. Some have the additional hurdle of language barriers that inhibit communication with staff members whose native language is either Hebrew, Arabic, or English. It is a problematic issue without an easy solution, especially because staff meetings, together with informal interactions and collaborative work, are important in fostering knowledge sharing. Knowledge-sharing activities that take place outside of the organization are also of critical importance to enhancing organizational learning and adaptive capacity, as is discussed in the next section on external connectedness.

#### NETWORK/EXTERNAL CONNECTEDNESS<sup>14</sup>

According to the findings, many of the nonprofits in the sample nurture interdependent relationships and strategic alliances with other organizations. It is readily apparent that the staff members place value on the relationships that have been established with a variety of institutions, ranging from local universities to neighborhood community centers. For many of the nonprofits in the sample, cooperation with other organizations is a key part of their strategy for project implementation. Partnerships with local community organizations are particularly important for the nonprofits that operate on a national level. A staff member emphasized this aspect of their work as follows:

We see it as a goal that all of our projects have local partners. There is an ideology behind this and an awareness of the importance and advantages of cooperation. There is not a lot of ego here. We focus on the goal.

At the same time, it is possible to distinguish between the type of collaboration that exists with local community organizations and the cooperation that takes place among nonprofits that are direct competitors. Indeed, the data are mixed regarding the extent of close cooperation among the nonprofits in the sample with like-minded or “sister” agencies. The model of an independent nonprofit (unaffiliated to the government, a political party, or a religious movement) is relatively new in Israel, especially in certain communities, and traditional perceptions may hamper efforts toward collaboration. A staff member spoke frankly about the topic,

There is a fear of cooperation with other organizations because it requires a lot of energy until you can actually see the benefit. There is not enough thought about what could be the benefits and how it could strengthen the organization and enable it to work better. Right now it is only seen as a risk that may not pay off.

Funding is yet another arena where connectedness to the external environment comes into play. Although there is a growing trend toward local, community-based fund-raising, the social change organizations in the sample are primarily funded by international foundations and donors. On the whole, these nonprofits are not carrying out grassroots or community-based fund-raising. There is also little expectation placed on the board to be involved in fund-raising. As such, the external connectedness and accountability of these organizations to their community is different than it would be if the majority of their resources were raised at a local level. It is unclear the extent to which long distance funders have a familiarity with the local landscape or an awareness of the community dynamics. Recognizing the importance of a proactive dialogue with the external environment and a continual assessment of their niche therefore becomes even more essential for these nonprofits.

#### SUMMARY OF RESEARCH FINDINGS

The research findings are summarized in Table 2. Identifiable patterns among the 10 nonprofit organizations are addressed as well as selected key facilitators and barriers. As illustrated in Table 2, the findings from the study suggest that the five key dimensions of adaptive capacity represent a reasonable theoretical framework by which to analyze these issues. All of the organizations, operating for at least 5 years, have exhibited some type of adaptive capacity in their ability to navigate the dynamic, often turbulent Israeli environment. The following discussion summarizes various issues related to the adaptive capacity and life cycle stage of these nonprofit organizations.

**Table 2. Aspects of Adaptive Capacity for the Participating Nonprofits**

	<i>Identifiable Patterns</i>	<i>Key Facilitators</i>	<i>Key Barriers</i>
Shared vision	Strong on consensus of mission, difficulties in coping with the creation of a cohesive strategy	Integration of organizational vision with personal vision	Undefined "learning strategy"
Openness	Characterized by collaborative work environments that allow for diversity of opinion. Encountering challenges in articulating a learning agenda	Value-based organizational culture	Shaping their organizational culture in the midst of growth
Evaluative thinking	Mixed on how much evaluation is mainstreamed into the organization, question of the extent to which evaluation is integrated into planning and if there is a clear evaluative strategy	Desire for impact	Gap between organizational culture and performance culture
Social capital	Enjoy social networks and supportive work environments, challenged to continually provide frameworks for knowledge exchange	Experience/background of leadership	Logistical difficulties in information exchange
External/network connectedness	Connection to outside community but questionable cooperation with other like-minded nonprofits	Interdependent nature of programs	Funding disconnect from local community

## DISCUSSION

In considering the findings within the context of adaptive capacity and organizational life cycles, it is possible to gain insight into the various opportunities and obstacles facing the nonprofits in the study. In general, the majority of the nonprofits in the sample can be characterized as either in the start-up stage or the growth stage (see Stevens, 2001). The following discussion, which integrates the research findings with existing literature, highlights selected issues facing these nonprofits in strengthening their adaptive capacity at their particular stage of development: (a) defining a niche, (b) coping with growth, and (c) developing an organizational culture and approach. The acknowledgement that every nonprofit evolves and experiences challenges at each stage of its development is a basic assumption of the life cycle model.<sup>15</sup> As such, the growing pains of these organizations, which can be, to a certain extent, anticipated and viewed as part of the normal process of organizational development (Simon, 2001; Stevens, 2001), should be taken into

consideration when developing capacity building strategies for nonprofits in the early stages of the organizational life cycle.

#### DEFINING A NICHE<sup>16</sup>

Among the nonprofits in the research sample, an integration of the organizational mission with the personal goals of the staff is an important factor in strengthening the overall shared vision, a key component of adaptive capacity. Yet as many of these nonprofits continue to grow, they are carefully defining their organizational niche as they struggle to create full alignment between the organization's vision, strategy, and capacities.<sup>17</sup>

The vision of an organization, an articulation of a nonprofit's "common sense of purpose and direction," should be distinguished from strategy, which is "the coherent set of actions and programs aimed at fulfilling the organization's overarching goals" (McKinsey & Company, 2001, p. 33). Strategy should "build on a nonprofit's core competencies, allocate resources to priorities and help delineate its unique point of differentiation" (p. 41). To strengthen their adaptive capacity, it is critical for nonprofits in early stages of negotiating their niche to ensure that organizational strategies are aligned with the organizational vision and capacities. Certainly among the nonprofits in the research sample, a particular difficulty that was articulated by staff members is the ongoing dilemma of matching their strategy to their vision in the midst of growth. Especially for many of these nonprofits that are struggling to secure funding and gain public legitimacy, it requires a great deal of discipline to resist being diverted from their core mission.<sup>18</sup> Indeed it is precisely during the growth phase that organizations define their distinctive competence; "it becomes a nonprofits' 'edge' and provides a distinguishing factor for internal pride and external support" (Stevens, 2001, p. 32).

Nonprofits in the early stages of development must concern themselves with the question of how to fit within their local environments and the manner in which their mission, strategies, and programs distinguish them as organizations. Although no niche is "permanently secure" (David, 2002, p. 10) for nonprofits at any stage, this process can be especially problematic for smaller and newer organizations that are not as connected to the community as more established organizations (Hager, Galaskiewicz, Bielefeld, & Pine, 1996).<sup>19</sup> Numerous studies analyzing the transformation of ideologically based or activist start-up nonprofits into established organizations note the difficulties that can emerge as an organization situates itself within its external environment.<sup>20</sup> "Institutional connections" and "interorganizational linkages" tend to be accompanied by a process of "routinization" (Kelley, Lune, & Murphy, 2005, p. 379). As nonprofits become more formalized, they can find themselves struggling to keep a balance between maintaining their grassroots connections while also working to expand and improve services (Kelley et al., 2005; Lune, 2002). Interorganizational conflicts can arise regarding concerns such as the "co-optation" of the organization by supporters and funders, the "institutionalization" of collective action, or the loss of organizational



autonomy that can come with greater public support and integration into the policy-making process (Lune, 2002; Staggenborg, 1988; Thomas, 1999). Although not directly addressed in this research study, these are certainly salient issues for the nonprofits in the sample, many of whom are working to empower disenfranchised populations and engage in different types of advocacy and collective action.<sup>21</sup>

For nonprofit organizations in the midst of transformation, it is ultimately the complex interaction with a variety of factors, including internal organizational dynamics and the external political and economic environments, that determines the organizational direction and nature of structural change (see Galaskiewicz & Bielefeld, 1998; Pietroburgo & Wernet, 2004). One of these factors that can pose a significant challenge to nonprofits is their accountability environment, which is derived in part from their ability to achieve organizational goals, meet public expectations, and be responsive to their stakeholders (Kearns, 1996). Stakeholder management is essential for nonprofits at all stages because they rely on external sources for legitimacy as well as for funding, institutional support, volunteers, members (if relevant), and board members (Balser & McClusky, 2005; Ospina, Diaz, & O'Sullivan, 2002). They must continually balance stakeholder expectations with their own organization's capacities, goals, values, and resources (Ospina et al., 2002). Yet for emerging nonprofits that are in the process of building their legitimacy among the public, the accountability to a variety of stakeholders can complicate the process of defining their organizational niche. It also can be especially problematic for nonprofits, such as those in the research sample, that receive the majority of their funding from international donors (see Ebrahim, 2005). Especially for these types of nonprofits, "asymmetric relations" among stakeholders tend to result in a dominant emphasis on accountability to donors or patrons, a situation that can overshadow a nonprofit's effort to be accountable to its community and to its own mission (Ebrahim, 2005, p. 60). Focusing too narrowly on accountability as it is defined by funders also can have negative effects on a nonprofit's ability to focus on long-term goals and to enhance organizational learning (Ebrahim, 2005), a topic that is discussed further in the following section.

#### COPING WITH GROWTH

Although organizational growth should ideally be planned and carefully managed (Connolly & Colin Klein, 1999), it often can occur without an accompanying strategy and place a significant strain on the capacities of a nonprofit.<sup>22</sup> Rapid growth, often sparked by a sudden influx of resources (i.e., "big money"), can actually pose a threat to the long-term sustainability of an organization (Filipovitch, 2006, p. 103). The nonprofits in the sample are in the process of gauging their current limitations and deciding how to pace their rate of growth. The establishment of an organizational infrastructure that can provide stability and enhance learning is essential for their adaptive capacity at this stage of organizational development.

In the midst of growth, the nonprofits in the research sample are searching for a balance between an organizational culture that prizes informality and openness with the need to develop systems and procedures that can maximize performance.<sup>23</sup> Indeed, numerous studies have addressed the difficulty that organizations with political and social change goals face in establishing formal nonprofits. The process of formalization, where the organization becomes more professionalized and adds new services and staff positions, generally creates the need for more complex administrative systems and a more hierarchical nature of information sharing (see, e.g., Filipovitch, 2006; Staggenborg, 1988; Thomas, 1999). As the organizational structures and decision-making processes undergo transformation, the original network of relations begins inevitably to change and volunteers or staff members may begin to lose their “sense of place” (Kelley et al., 2005, p. 375; see also Connolly, 2006; Filipovitch, 2006). Staff members who enjoyed the informality and frequent chaos of the start-up phase can encounter difficulties when organizational life becomes more routinized (Stevens, 2001) and they are subsequently required to deal with seemingly mundane issues such as filing systems, personnel policies, and regular staff meetings. As indicated by staff members in the research sample, there also can be a resistance to the creation of a more formalized hierarchy and the introduction of new administrative responsibilities (e.g., staff may feel that they are losing some of their autonomy or may resist newly implemented reporting routines).

The process of formalization during the growth phase for a nonprofit can be especially relevant for maintaining adaptive capacity. As indicated in the research findings, some of the nonprofits in the sample, while enjoying very strong value systems, do not necessarily have the history of a reporting culture among the staff. Staff members, after years of operating in a work environment that was volunteer-oriented, are now being held much more accountable for gathering data, documenting their experiences, and sharing their learnings. For example, knowledge exchange that may have taken place informally is slowly being replaced by office memos, e-mail updates, and performance reports. The nonprofits in the sample frequently find themselves challenged to put systems in place and to provide time and space for their growing staff to share knowledge, learn collectively, and work in cooperation. The use of evaluation to inform decision making appears to be an especially problematic issue for these nonprofits.

Tackling difficult social problems where progress is both hard to make and challenging to measure, the nonprofits in the research sample often encounter difficulty in developing and executing an evaluation strategy that can enhance organizational learning. “Nonprofits always serve their mission first” (Light, 2004, p. 14), which often results in pressured work environments and overburdened staff. It is particularly challenging for emerging nonprofits, chronically underinvesting in their organizational capacity, to embrace a “culture of inquiry.”<sup>24</sup> In addition to obstacles such as time constraints, minimal resources, and little experience with formal evaluation, their efforts to establish a culture of inquiry also can be frustrated by onerous

reporting requirements from funders that do not promote long-term, organizational learning (Ebrahim, 2005). Funders' emphasis on the evaluation of short-term outputs and easily quantifiable results versus long-term goals of social change and development can result in the creation of monitoring and evaluation systems that meet the requirements of donors but are not used to inform decision making within the organization (Ebrahim, 2005).<sup>25</sup> Smaller and younger organizations, with limited organizational capacity for basic monitoring and assessment, can encounter significant difficulties in shaping evaluations that are accessible to staff and useful for learning (Ebrahim, 2005). Especially during the growth stage of development, when activities for enhancing adaptive capacity become more formalized, it is essential for nonprofits to create systems for documenting and managing knowledge in a way that will ultimately enhance their ability to maximize their social impact (see Connolly, 2006).

#### DEVELOPING AN ORGANIZATIONAL CULTURE AND APPROACH

It is during the growth phase in a nonprofit's development that it becomes "less dependent on individuals and more method oriented" (Stevens, 2001, p. 32), establishing a culture and an approach that distinguish it as an organization. Indeed, what is unique about emerging nonprofits is that "there are no precedents" (La Piana Associates, Inc., 2003, p. 7); during the early stages, the organization must establish procedures, routines, and systems for the first time. The majority of the nonprofits in the research sample, as they undergo a process of transformation and growth, are in the midst of developing their organizational style.

As discussed earlier, organizational growth is generally accompanied by developments such as an increase in staff size and a more formalized management structure. When a nonprofit strengthens its management capacity, a casual division of labor is gradually replaced with a greater hierarchical structure (i.e., previously volunteer-based organizations add paid staff and board members, job descriptions become specialized, systematic processes for staff orientation and staff training are implemented) (Filipovitch, 2006; Staggenborg, 1988; Thomas, 1999). As nonprofits develop their particular culture and organizational routines, the organization becomes more dependent on "positions and less dependent on individual people" (Stevens, 2001, p. 25). It is during this transitional time that individual contributions become more "interchangeable" (Kelley et al., 2005, p. 381).<sup>26</sup> A sense of uncertainty can pervade the organization, creating tensions between volunteers and staff (see Kelley et al., 2005) or between the "first stage," entrepreneurial staff and the "second stage," professional staff (Stevens, 2001). For example, staff and volunteers may be reluctant to welcome new, specialized staff members or have their job roles be reallocated and their responsibilities changed.<sup>27</sup>

The nonprofits in the research sample, generally characterized by collaborative work environments and high levels of social capital, appear to be reasonably well-equipped to manage the complex transition of an organization

defined by its people to an organization being defined by its organizational approach. As these nonprofits decide how to balance the formalization process with their participatory management styles, they will need to determine the role that ideology plays in organizational transformation, especially because they tend to be very conscious of linking their organizational values to their organizational structure. Research studies on feminist organizations, for example, highlight this challenge and the need for the nonprofit to reconcile between its priorities for growth and its ideological commitment to the equitable distribution of power (Staggenborg, 1988; Thomas, 1999).<sup>28</sup> Certainly the nonprofits in the research sample, including two feminist organizations, are coping with these issues as they figure out their organizational direction.<sup>29</sup> Staggenborg's (1988) research, for example, found that feminist organizations that choose a more formalized organizational structure, which enables them to mobilize resources and hire additional professional staff, are taking critical steps to ensure their long-term sustainability. Factors such as established procedures, bureaucratic processes for decision making, and a developed division of labor provide these organizations with continuity, thereby enabling them to perform certain tasks routinely and to reduce their exclusive dependence on the executive director for leadership (Staggenborg, 1988).

A significant milestone for an organization in moving from the start-up phase to the growth phase is when the founder(s) recognizes that the long-term viability of the organization is dependent on partners. This "transference of sole organizational ownership" ultimately creates "shared ownership" with the board of directors and the management staff (Stevens, 2001, p. 80). To enhance the long-term adaptive capacity of an organization, the founder(s) not only help to establish an organizational infrastructure and administrative systems but also acknowledge the necessity of building an organization team "that can function effectively without them" (Sherman, 2005, p. 3; for more on "founder's syndrome," see Connolly, 2006).<sup>30</sup>

As a fundamental part of the organizational team, a well-functioning nonprofit board is essential for helping to ensure the overall adaptive capacity of nonprofits (see Connolly, 2006; Gray & Associates, 1998) and to improve organizational performance (Herman & Renz, 2000). Among the nonprofits in the research sample, however, the boards tend to have an undefined role in helping the organizations to articulate what knowledge is needed to successfully pursue the organization's strategic goals and to systematically evaluate their work. Research findings, both on nonprofit boards in Israel and in North America, highlight the ambiguity that often surrounds the role of the board, often due to a lack of clarification regarding the division of responsibilities among staff and board members or due to divergent expectations or perceptions toward the specific role of board members (see Green, Madjidi, Dudley, & Gehlen, 2001); Bubis & Cohen, 1998; Iecovich, 2004).<sup>31</sup> Just as nonprofit organizations evolve, their boards of directors also must change and grow in terms of both their role and composition (Filipovitch, 2006; Light, 2004; Mathiasen, 1990).<sup>32</sup> Light (2004) discusses fundamental questions that all nonprofits should ask themselves

when they are establishing themselves, "How will we make a difference? Who does what in the organization? Why do we exist? How will we know we are successful, if we are?" (p. 141). To enhance the adaptive capacity and long-term stability of their nonprofits, the board of directors must take part in helping to ensure that the organizations are asking these types of questions as they continue to develop and evolve.

## CONCLUSION

The adaptive capacity and organizational life cycle characteristics of the sample of Israeli nonprofits parallel characteristics reported in the literature on nonprofits in the United States and therefore highlight several core elements that seem to cut across national boundaries. However, it is perhaps more interesting to consider the experience of the 10 nonprofits in the context of the emerging community of social change organizations in Israel. The findings underscore the particularity of the Israeli political and cultural context and the fact that so many of the social change nonprofits in the country may be reaching similar stages of development. If the challenges faced in the sample are generalizable to this growing sector, then there are significant implications for funders and entities directly involved in enhancing the organizational capacities of such nonprofits. At this critical juncture, efforts to strengthen social change nonprofits might well benefit from more systematic, sector-wide planning and coordination, more than what typically characterizes the present scene. Ultimately the goal must be to strengthen the adaptive capacities of these social change organizations as they grow and evolve to better enable them to contribute to the creation of a civil society in Israel.

## Notes

1. See Strichman (2005) or Strichman and Marshood (2007) for a more in-depth discussion of the research process and findings.

2. For example, a culture that values openness and the accessibility of knowledge will enhance opportunities for informal learning, a community of practice can only thrive in an environment characterized by high social capital, and so on.

3. Several of the nonprofit life cycle approaches apply ideas about the human life cycle to organizations (i.e., organization go through life stages, just as children process to adulthood; see Simon, 2001; Stevens, 2001). For more information on life cycle for organizations in general, see Adizes (1990) or Quinn and Cameron (1983).

4. Nonprofit life cycle theorists stress that the boundaries between the various developmental stages are often blurred, with organizational capacities not necessarily fitting neatly into each stage. Nonprofits do not necessarily move through the life cycle model in a sequential or linear way; each organization may not experience each stage or proceed from one phase to another in a definitive way (Connolly, 2006; Stevens, 2001). For a discussion on both the strengths and specific limitations of the Stevens life cycle model, see Onder and Brower (2004).

5. See Gidron, Bar, and Katz (2004) for an in-depth discussion of how these types of nonprofits are categorized in the research on the Israeli Third Sector and how they are involved in the building of civil society in Israel.

6. Indeed, from 1973 to 2005, the number of nonprofit organizations that are registered in Israel grew from 1,000 to 30,000, representing an increase that is considered especially dramatic for a country of 6 million people (Reardon, 2004). Although the majority are providing some type of direct services, approximately 1 in 10 are social change organizations addressing economic and social justice issues (Reardon, 2004).

7. This brief discussion of Israeli nonprofits mainly draws attention to nonprofits working toward creating a stronger civil society in Israel. For a much more in-depth analysis and attention to the diverse nature and unique history of Israeli nonprofits and their relationship with the state, see Gidron and Katz (1998), Gidron et al. (2004), or Silber and Rosenhek (1999). See Payes (2003) and Zeidan and Ghanem (2000) for research on the Palestinian Arab population in Israel.

8. With particular regard to the relationship of Palestinian Israeli nonprofits to the government, see Payes (2003).

9. Shatil is part of the New Israel Fund. In terms of its activities, it can be defined as a "support organization" for social change organizations (Brown & Kalegaonkar, 2002). For more about the capacity building approach of Shatil, see Blumenthal (2003).

10. There are capacity building programs in the United States where nonprofits are provided with financial incentives to seek out capacity building assistance (see Blumenthal, 2003). The nonprofits working with Shatil do not receive any financial rewards from the New Israel Fund for participation in capacity building efforts.

11. For a much more detailed discussion of the methodology used in the research study, see Strichman (2005).

12. The questionnaire was developed in part from four assessment tools (see Botcheva, White, & Huffman, 2002; Davidson, 2001; Marsick, Volpe, & Watkins, 2003; Preskill & Torres, 2000).

13. For a full discussion of the research findings, see Strichman (2005).

14. External connectedness, as defined by Sussman (2004), includes the ability of an organization to elicit feedback from outside the organization, an important aspect of evaluative thinking that was discussed earlier. This discussion focuses primarily on a major aspect of external connectedness: the nature of cooperation with other organizations.

15. See Colin Klein and Connolly (2000) and Grimshaw and Egerman (2006) for challenges facing well-established nonprofits.

16. Niche is defined in this context as "distinctive competence" (Stevens, 2001, p. 4) and the "fit within the local social ecosystem" (David, 2002, p. 10). For other definitions of organizational niche, see Galaskiewicz and Bielefeld (1998).

17. For a discussion on planning processes to help define an organization's strategy and niche, see Craft and Benson (2006).

18. Wolf (1999) discusses the constant "tug between two competing tendencies" and the frequent dilemma among nonprofits of whether to stay within the original mission (despite, e.g., lack of funding) or to expand the vision to secure organizational survival (p. 27).

19. Hager, Galaskiewicz, Bielefeld, and Pine (1996) explore this issue in-depth within the context of research findings linking organizational size and age to organizational survival.

20. For more on how nonprofit leadership develops varying strategies to adapt to the environment and how this ultimately affects organizational change, see Galaskiewicz and Bielefeld (1998).

21. To work with governmental organizations and forge relations with other nonprofits and agencies, nonprofits may be pressured to channel their work into issues with more mainstream appeal and change their advocacy tactics (Lune, 2002). Payes (2003), for example, argues that Palestinian Israeli nonprofits are limited in part due to their tendency to promote technical rather than political solutions to problems and their dependency on external donors, who sometimes dictate the organizational agenda (for more about nonprofits sustaining themselves in hostile environments, see Kelley, Lune, & Murphy, 2005; Lune, 2002; Payes, 2003).

22. For guided questions about whether a nonprofit organization is ready for growth, see Connolly and Colin Klein (1999).



23. For specific guidelines on bringing change to a nonprofit organization, see, for example, Eadie (2003) or Rosenberg (2003). See Rosenberg (2003) for matching the change strategy to the organization's level of maturity.

24. A critical element in creating a culture of inquiry (Preskill & Torres, 1999) is not only the establishment of a data collection and measurement system but also an organizational culture where the process of self-evaluation is valued and evaluative findings are integrated into the decision-making process.

25. For more insight into the special circumstances of funding start-up nonprofit organizations, see La Piana Associates, Inc. (2003).

26. Kelley et al.'s (2005) research discusses the case of high-risk volunteering, concluding that when the organization becomes more institutionalized, the individual commitment of the volunteers becomes less critical.

27. Filipovitch (2006) writes of "first" staff moving on when the organization grows, leaving with a sense that "the place just wasn't the way it used to be" (p. 109). Stevens (2001), distinguishing between the "first" staff or the "start-up" staff and the "second-stage" staff who are hired when the organization is already in its growth phase, discusses the challenges involved in managing the expectations of both sets of staff members. Also see Kunreuther (2003) for how generational issues may affect issues such as staff relations and organizational structure in social change nonprofits.

28. A research study on feminist organizations that originally started out as collectives, for example, discussed how the ideology (in addition to internal dynamics or environmental forces) affects organizational transformation (Thomas, 1999).

29. Further research on social change nonprofits in Israel regarding the specific aspect of multiculturalism could be especially interesting with, for example, nonprofits from the Palestinian Arab community as well as immigrant communities from the former Soviet Union and Ethiopia. The link between organizational development and culture among non-Western cultures remains an underresearched topic in the nonprofit literature (Lewis, 2004).

30. For additional characteristics of an adaptive leader, see Sherman (2005).

31. For more details about the legal responsibilities of boards of nonprofit organizations specifically in Israel, see Iecovich (2004).

32. Mathiasen (1990) identifies three organizational stages of nonprofits boards: (a) the organizing board, (b) the governing board, and (c) the institutional board. The transformation from an organizing board to a governing board, which takes place during the growth phase, is when the division of labor between the board and executive leadership is clearly articulated and shared authority is established (Mathiasen, 1990).

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