Responding to COVID-19: Characteristics and Outcomes of Strategic Planning in Social-service Nonprofits

by

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Author's Declaration

I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

I understand that my thesis may be made electronically available to the public.

Abstract

Forty years after its initial introduction in the nonprofit space (Bryson, 1988; Bryson & Roering, 1987; Nutt & Backoff, 1987), the value of formal strategic planning still remains disputed and lacking an appropriate recognition. While the implementation of formal planning in nonprofits has been related to greater rates of survival, growth and access to resources (Bielefeld, 1993; Hwang & Bromley, 2015; Stone et al., 1999), strategic planning in the sector remains far from ubiquitous, with empirical evidence suggesting that less than 50% of nonprofits engage in formal strategizing (Hwang & Bromley, 2015; Stone et al., 1999). Key concerns include the relevance of formal planning for the specific needs of the nonprofit organization, questions about whether the effectiveness and efficiency acquired by its implementation will also lead to mission drift and lessened social impact (Guo, 2006; Suykens et al., 2019), and the difficulties and challenges related to its application, especially the usefulness of formal plans for environments that constantly change (Hwang & Bromley, 2015).

This dissertation takes a broad look at the value and benefits of planning processes in the sector, specifically by examining the significance, outcomes, and feasibility of formal strategic planning in the nonprofit organization. The analysis is based on three key contributions: (1) a theoretical review of the specific vulnerabilities deriving from the nonprofit character and the relevance of established strategic planning functions to address such challenges; (2) an examination of the proximal, first-order outcomes of the planning process and their contribution to the long-term resilience and growth of these organizations; and (3) a study of effective planning models in turbulence, and the rationale for their application in the nonprofit environment.

This dissertation builds an argument that strategic planning holds special value for nonprofits, not despite but rather due to particularities of the nonprofit character. It draws on the strategy-as-process and complexity scholarship to point out the various ways in which strategic planning can act as a resource for the sector in an attempt to move the conversation from whether nonprofits should use strategic planning, to the kinds of planning practices and models that hold greatest potential for the management of these organizations.

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My decision to pursue a PhD on the topic of strategic planning in nonprofits came as result of over ten years of professional experience in the nonprofit and public space, where I had the opportunity to witness first-hand the enormous potential, but also the various pitfalls and fallacies of strategic planning practice. In the search to find a home for this scientific quest, I was fortunate to come across Professor Mark Seasons, an experienced planner and strategy scholar and an incredibly enthusiastic and supportive colleague. Thank you Mark for your dedication, optimism, and delicate guidance that allowed me to stay on track with this project through various life stages and a world-altering pandemic. Your strategic and pragmatic advice was invaluable in every step of that process.

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In Memory of

Vladimir Sidorovski (May 1, 1955 – October 30, 2022)

An avid planner, Gantt chart builder, and a dreamer in relentless search for perfection. How lucky we are to forever get to keep a piece of that.

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"In preparing for battle I have always found that plans are useless,

but planning indispensable."

Dwight D. Eisenhower

Chapter 1: Introduction

"How wonderful it is that nobody need wait a single moment before starting to improve the world."

Anne Frank

Nonprofit organizations are all around us. Vaguely situated between the family, state and market, they run hospitals and universities, food banks and mental health facilities, provide access to sports, arts and entertainment, support and conduct research, and are a key pillar of movements that advocate for the environment, human rights and democracy (Phillips & Wyatt, 2021). While the formation of a distinct nonprofit sector is only a recent accomplishment, voluntary movements are deeply embedded in the history of humanity and the development of contemporary societies (P. D. Hall, 2006). Historically, nonprofits emerge from individual and collective efforts to help and support the marginalized and less fortunate, based on moral, ethical, or religious reasons, but also on the grounds of empathy, compassion, and kindness for "the other" (Robbins, 2006). Nonprofit actions are therefore rooted in *benevolence*[1] - the desire to do good for others, and *volition*[2] – proceeding from one's own choice and free will, hence have often been referred to as voluntary (Knutsen, 2016).

Structured charitable activity can be traced back to ancient Jewish, Roman and Greek societies, as a tool to compensate for inequalities in wealth and power, introducing early concepts of rights, obligations and civil society (Robbins, 2006). Philanthropic efforts have also been part of various religious regimes, either directly by providing certain services to the disadvantaged, or by seeking such behaviour from believers on the basis of moral and religious sense of duty (Robbins, 2006).

While today, some of these roles have been taken over by the state, the nonprofit sector has kept a key position in complementing the provision of public services, while also providing a

[1] Benevolence. 2022. In *Merriam-Webster.com*
Retrieved November 6, 2022, from https://www.merriam-webster.com/dictionary/benevolence
[2] Volition. 2022. In *Merriam-Webster.com*
Retrieved November 6, 2022, from https://www.merriam-webster.com/dictionary/volition

forum for creative experimentation in the conceptualization of public commodities and the recognition of new and emerging social needs (Petrella et al., 2022). This complementary role in the provision of public services has become even more important following the retrenching role of governments in neoliberal regimes and the implementation new public management models which assume the devolution of such services to third parties, many of which nonprofit and voluntary organizations (Salamon & Toepler, 2015). Nonprofit organizations have also remained essential drivers of democracy and social progress by giving voice to groups that have been structurally neglected and marginalized, raising issues of injustice, and serving as an accountability forum for governmental and corporate action (Anheier, 2009; Brass, 2022; Petrella et al., 2022).

Despite these essential roles, there is still a lot to be done to understand what the most effective models of nonprofit management and governance are. Starting from the need to achieve more with limited resources as well as growing demands for efficiency and accountability in a highly institutionalized and professionalized society (DiMaggio & Powell, 1983; Meyer & Rowan, 1977), nonprofits have often been urged to adopt management models and tools developed for their for-profit counterparts, thus move from an amateur administration to a more professional management (Helmig et al., 2004). Such an approach has not been without criticism, however, due to concerns over how this transfer of model relates to the specific needs of the nonprofit organization (Hume & Leonard, 2014) and whether the focus on efficiency and effectiveness undermines their democratic and expressive functions (Brass, 2022).

Nonprofits with their traditionally informal culture and horizontal decision-making structure muddled ownership and a variety of stakeholders have also found it hard to adjust to these requirements, both due to lack of capacity to implement certain tools, but also based on the notion of managerial practices as a "foreign object" in the voluntary organization (Sharp & Brock, 2010; Ogliastri et al., 2016). As Drucker (2005) so aptly states, management is a bad word for nonprofits as it goes against some of the key concepts they are based upon, such as benevolence, freedom, compassion and collaboration.

On the other hand, much of this criticism still lacks proper closure, due to lack of consistency in the definition of constructs related to the introduction of managerial practices in the sector, as well a lack of empirical support for such claims (Dart, 2004; Maier et al., 2016). In

the meanwhile, the implementation of more structured approach to nonprofit action has essentially relied on the coercive requests of funders (Stone et al., 1999), building further resistance, and leading to large instances of decoupling where policies and structures are made for reasons of legitimacy and access to resources without real intention for their implementation (Bromley et al., 2012).

Formal strategic planning, which is the focus of this dissertation, has been at the forefront of conversations regarding the value of business practices in the nonprofit space (Hwang & Bromley, 2015; Mulhare, 1999; Bryson, 2010), as scholars continue to raise questions on whether strategic planning really benefits nonprofits, considering the lack of proper examination of how it contributes to nonprofit needs and their ability to achieve their social mission (Laurett & Ferreira, 2018; Hume & Leonard, 2014; Kong, 2008). More specifically, formal planning has been criticized over potential drawbacks related to limited mission focus or serving fewer poor clients (Guo, 2006; Meyer & Simsa, 2014), while also recognizing the limitations small and less-professionalized organizations face in its implementation (Alexander & Weiner, 1998; Mara, 2000; Bromley et al., 2012; Stone et al., 1999, Ogliastri et al., 2016). On the other hand, a number of studies have confirmed the value of strategic planning for the sector, showing that nonprofits which implement strategic planning note greater rates of survival, growth and access to resources, indicating a positive relationship between planning and organizational sustainability and performance (Stone et al., 1999; Harris et al., 2009; Crittenden et al., 2004; Laurett & Ferreira, 2018).

Additional tension to these questions has been brought by greater awareness of turbulence in the nonprofit environment and the relevance and value of planning in unstable contexts. There are two ways in which turbulence affects our understanding of the nonprofit space. Environmental turbulence is determined by the number of actors in a given ecosystem and the dynamic of change presented to the system on ongoing basis (Emery & Trist, 1965). Nonprofits find themselves as codependent and influenced by a large number of actors, from local communities to members, clients, volunteers, staff, boards, funders and public bodies (Van Puyvelde et al., 2012). The large number of stakeholders with strong influence over the work of these organizations dictates a quick pace of change in nonprofit circumstances, placing them in the position to constantly adjust to evolving needs and demands. Turbulence is also determined by the dynamism of a given system. Considering today's level of interconnectedness,

globalization and technological development, all systems are facing increasing levels of instability. For nonprofits, such changes are further heightened by the fluctuations of the social, political and economic context warranting continuous adaptations to their programs and services. These two characteristics of the nonprofit ecosystem lead to high levels of environmental instability and raise questions on the feasibility of plans considering the need for constant adaptation to respond to evolving mission and stakeholder demands.

Building on the above, the focus of this dissertation is to explore whether and how strategic planning brings value to third-sector organizations, by examining sector-specific vulnerabilities and needs and contrasting them to the roles and outcomes of formal planning processes. In doing so this study identifies the functional roles strategic planning can play in the nonprofit sector; the proximal outcomes of formal planning processes and their contribution to nonprofit performance; as well as planning models and approaches that can contribute to the management of complex and turbulent environments that nonprofits operate in.

This dissertation follows an article format. In the first article, in response to concerns regarding the lack of examination of the relevance of management tools for the specific needs of the sector, I contrast the idiosyncratic traits of the nonprofit organization with the established roles of formal strategic planning to point out their value and contribution. The second article builds on a series of case studies to identify the proximal outcomes of formal planning processes in the voluntary organization, and positions these in the context of long-term organizational performance. In the third article, I focus on the implementation of formal planning in turbulence, using the COVID -19 pandemic as an opportunity to examine what planning models have proved effective for the management of nonprofit organizations in unstable settings. A concluding chapter synthesizes the research findings and its implications for planning theory and practice.

The remainder of this introduction is organized as follows: First I provide a brief overview of key characteristics and determinants of the nonprofit sector, followed by a comprehensive review of challenges in nonprofit management and governance. Next, I introduce the broad literature on the implementation of managerial tools in the sector and theoretical and empirical knowledge on nonprofit strategic planning, summarizing key gaps in scholarly research. I further introduce the theoretical approach of the dissertation, drawing primarily on process-oriented frameworks and theories of complexity. This is followed by an overview of the scope and aims

of the study, as well as a review of the proposed research strategy. Finally, I summarize the structure and contributions of the dissertation.

1.1. Understanding Nonprofits

Despite their prominence, explaining the nonprofit sector has not proven itself to be an easy task and a variety of terms are still used to describe the organizations inhabiting it, such as charitable, voluntary, nonprofit, nongovernmental, and more recently, the concepts of civil society and social economy (Hall et al., 2005; Knutsen, 2016; Salamon & Sokolowski, 2016). For the purposes of this study, I interchangeably use the terms nonprofit, voluntary and third sector as a common practice in the literature (e.g., Phillips & Wyatt, 2021; Steinberg & Powell, 2006), while also denoting their preclusion from distributing profit, their voluntary nature, and the concept of "third sector" in reference to governments and corporations as separate entities, even though such lines are increasingly blurred (Misener & Misener, 2017).

The nonprofit sector is mostly described in terms of the non-distribution constraint (see Hansmann, 1980), a restriction from distributing financial surplus to those in control of the organization and a tool meant to ensure nonprofit action is aligned with public benefit, rather than private interests. Nonprofits are also defined by their adherence to a social mission as organizations that exhibit "prosocial behaviours, mutuality, voluntary labour, and the production of collective goods" (Dart, 2004, p. 292). Additionally, the entities inhabiting the sector are further found to have five common traits such as (1) Organized, assuming some level of structure and formality; (2) Private, thus separate from government; (3) Non-profit distributing; (4) Self-governing, or relatively independent to control their own activities; and (5) Voluntary, thus relying on some level of voluntary participation (Salamon & Anheier, 1998). More recently, Salamon and Sokolowski (2016) expanded these components to include the existence of a "public purpose" and redefine the non-distribution constraint to organizations "totally or significantly limited from distributing any surplus they earn" (Salamon & Sokolowski, 2016 p. 1533), recognizing the growing number of entities that operate under both social and economic objectives.

The emergence of the third sector is most often explained through economic theories of supply and demand, due to lack of commodities provided by either the state or market

(Steinberg, 2006; Salamon & Toepler, 2015; Kim & Kim, 2018). Essentially, nonprofits have grown in response to government's inability to supply certain goods and services, as the heterogeneity of voter demands forces them to prioritize requests defined by the majority rule in a political voting process. This eventually leaves out many groups and individuals that cannot exert sufficient pressure for their needs to be met, positioning nonprofits as the "extra-governmental" supplier or advocate for collective goods that have not been fulfilled by the state (Weisbrod, 1975). At the same time, there are certain conditions where the market is also unwilling or unable to tend to these unanswered demands, due to a lack of straightforward fee-for-service relationship, creating a situation of contract failure (Hansmann, 1987; Hansmann, 1980). This includes circumstances where the client does not have appropriate purchasing capacity or a separation between the buyer and the recipient, making the buyer unable to control the quality of received goods and services. Contract failure also applies to commodities such as public goods which once supplied can be enjoyed by everyone freely or complex personal services. In such situations, due to the non-distribution constraint the nonprofit provider becomes a more desirable supplier, as it is perceived to have fewer incentives to manipulate the contract (Hansmann, 1980), or is willing to provide services despite the lack of purchasing capability of the client.

In other words, nonprofits emerge as a sector complementary to governments, markets and families based on a voluntary initiative to supplement unresolved public needs (Steinberg, 2006). However, the sector also suffers from its own limitations, such as particular scope or coverage of services, insufficiency of available resources, the inability to establish the right to long-term benefits and lack of professionalism and capacity to respond to complex problems (Salamon & Anheier, 1998; Salamon & Toepler, 2015) positioning the three sectors as complementary to one another and continually addressing their mutual limitations and insufficiencies (Salamon & Toepler, 2015).

Yet, nonprofit importance lies not only in the supplementary services they perform on behalf of the state, but more importantly the services they provide based on an identified need which is yet to be acknowledged by the public and its institutions (Anheier, 2009; Brass, 2022). Nonprofits also play a key role in initiating, developing and testing new and innovative ways to respond to public needs, advocating with and on citizens' behalf, keeping the state and the

market accountable for their actions and building the social and political capital of individuals and communities (Anheier, 2009; Brass, 2022).

1.1.1 Nonprofits in Canada

In Canada, where this study is situated, the nonprofit sector has expanded rapidly for the past few decades as result of population changes triggering a demand for variety of services and a liberal welfare state model that presumes the delivery of public services via third parties. Nonprofits currently account for about 8.7% of Canada's GDP, growing at a faster pace than the economy as a whole (Imagine Canada, 2022). The sector also employs 12% of the economically active population (Emmett, 2016) and contributes $192 billion annually, making it an important economic driver and a core area of economic development in the country (Lasby & Barr, 2021).

Canada currently has about 170000 registered nonprofits, not counting the number of informal movements and entities, a half of which are registered charities under the Canada Revenue Agency (Phillips & Wyatt, 2021). To achieve a charitable status, these organizations need to declare a contribution under one of the four key pillars of "public purpose" such as the advancement of education, advancement of health, relief of poverty or other purposes beneficial to the community[3]. The other half of the sector is currently inhabited by other nonprofits, such as not-for-profit clubs, associations and societies that are not charities, but are still organized and operated exclusively for social welfare, civic improvement, recreation, or any other purpose except profit (CRA, 2020). While designated charities enjoy more benefits, many nonprofits are also incorporated with similar purposes and often provide similar services, assisting their members or the wider community.

The nonprofit sector in Canada is highly diverse with large, professional organizations existing next to small, semi-formal community groups (M. H. Hall, Andrukow, et al., 2003; M. H. Hall, de Wit, et al., 2005). Nonprofits also differ on whether they are closely regulated or established by the state (i.e., universities, hospitals, or residential care facilities) or founded by private individuals to serve mutual or community needs. The latter are commonly referred to as the core nonprofit sector and will be of further interest to this study.

.[3] https://www.canada.ca/en/revenue-agency/services/charities-giving/giving-charity-information-donors/about-registered-charities/what-difference-between-a-registered-charity-a-non-profit-organization.html

Whereas the overall size of the Canadian nonprofit sector is truly impressive, it needs to be noted that a large percent of that belongs to government nonprofits, with community-based organizations accounting for only 16.5% of the nonprofit GDP (Lasby & Barr, 2021) . Social-service nonprofits - a wide group of organizations primarily focused on the delivery of human services related to well-being and quality of life (Mosley, 2020), which are the focus of this study, represent only 1.3% of the total nonprofit GDP (Lasby & Barr, 2021), placing an interesting perspective the enormous service expectations on one hand and the actual availability of resources to conduct such services. With declining amounts in governmental grants and contracts and reductions in individual giving, these organizations, as the primary providers of human services have seen the lowest growth of funding since 2007 (Lasby & Barr, 2021).

However, issues faced by nonprofits go beyond simple resource dependency and availability of funding. The Special Senate Committee on the Charitable Sector (2019) recently raised a series of challenges related to the operation of these organizations, from the insufficient funds allocated for service contracts that require nonprofits to further fundraise for full coverage of the services they are expected to perform, to low administrative overheads that do not allow investments in organizational infrastructure coupled with extreme administrative and reporting requirements. Adding to this is an unstable and short-term nature of funding that creates constant staff turnover (Akingbola, 2004; Hall, 2005; Phillips & Wyatt, 2021), constraining the organizational ability to invest in social and intellectual capital and undermining its ability to engage in long-term planning. These and other issues constantly challenge the fragile capacities of nonprofits and undermine their ability to effectively implement their social services and mandate.

1.2. Issues in Managing Nonprofits: Grand Challenges and Humble Resources

Nonprofit organizations can be considered a specific amalgam of public and for-profit traits and contingencies that implies a different set of needs and priorities when it comes to organizational management and governance. Just like governmental institutions nonprofits have a rather large number of organizational constituents that hold strong ownership and right over the work of the organization, bound by a publicly defined mission in a similar way (Wellens & Jegers, 2014). On the other hand, the revenues for achieving such mission are not automatically acquired

through taxes and nonprofits need to engage in additional activities to access the resources needed to provide these public services. While both nonprofit and public organizations share a social mandate, nonprofit priorities are not established by a collective political process (Moore, 2000), and therefore the nonprofit is rather free to choose if and how it wants to contribute to a given public mandate and, as opposed to governmental duty, its contribution to public service is voluntary.

On the other hand, just like for-profits, nonprofits are private organizations, and their management and governance needs are organizational, rather than societal (Stone & Ostrower, 2007). Yet, managing within the non-distribution constraint, a dual bottom line and a social purpose brings a completely different set of problems when compared with for-profit companies. This section reviews the specific vulnerabilities and tensions of the nonprofit organization and the implications those have over their effective management.

1.2.1. Access to Funding and Resource Dependency

Nonprofits are key pillar of contemporary societies, however, as opposed to the state, that relies on taxes for the provision of public commodities, or for-profit firms that provide goods and services in the exchange for fees within a profitable bottom line, nonprofits rely on voluntary contributions of various actors to run their programs and activities (Moore, 2000; Pestoff, 1992). These contributions include donations from individuals and corporate foundations, governmental grants and contracts, and fees for service (Gee et al., 2022; Grønbjerg, 1991a). Still, essential contributions go beyond finances to also include support with time and labour, as nonprofits depend on volunteers, board members and communities apart from paid staff to enable organizational functioning, broadening their dependency and the number of stakeholders that hold direct control over basic organizational resources (Wellens & Jegers, 2014). At the same time, despite the previously described growth in demand for nonprofit services, these organizations are persistently faced with declining resources across all areas and funding sources (Altamimi & Liu, 2022; Ayer & Anderson, 2022; Eckhart-Queenan et al., 2019).

For one, there has been an ongoing trend of reduction of individual and corporate giving as result of generation change and economic constraints in individual circumstances, reducing the availability of unrestricted funds in the nonprofit environment (Foster & Meinhard, 2002;

Ferreira & Proenca, 2015; Hall et al., 2005). This means not only fewer resources for nonprofits to access, but also a decrease in specific types of funding, which as opposed to governmental grants and contracts, is mainly unrestricted and organizations have much greater control to allocate as they see fit (Grønbjerg, 1991a). Essentially, funds from donations place lesser constraints on organizational decision-making and provide greater opportunities for organizations to coordinate spending based on organizational needs, including investments made in organizational development, infrastructure, and mission-related priorities. On the other hand, the reliability of donations is very low and does not seem to be related with the amount of effort organizations invest in their pursuit, making it a highly unpredictable source of revenues (Grønbjerg, 1991a).

Nonprofits have also been faced with reduced funding available under governmental grants and contracts and increased competition to access those resources (Phillips & Wyatt, 2021; Foster & Meinhard, 2002). Increased competition has come as result of growing number of for-profits that are interested in the public service market (Pestoff, 1992), new and hybrid organizational forms that compete for the same resources (Weerawardena et al., 2010), as well growing competition within the sector itself as large, well-established nonprofits reduce the available opportunities for small, less professionalized community organizations (Hall, 2005). This intra-sectoral competition extends to other types of resources as well, as the growth of the sector has also increased competition for clients, members and staff among these organizations (Alexander & Weiner, 1998; Gee et al., 2022).

Government grants and contracts also come with a series of challenges, from long and complex application and reporting requirements that require vast resources, to funding delays, cash flow issues and strict budgetary restrictions ("Catalyst for Change: A Roadmap to a Stronger Charitable Sector," 2019; Grønbjerg, 1991a). These usually include item expenditure restrictions, but also administrative expenses capped at 5% or 10%, limiting opportunities to employ sufficient human resources and invest in organizational infrastructure (Altamimi & Liu, 2022). Governmental contracts also require aligning organizational programs and services with public priorities as opposed to specific community needs, often threatening nonprofit independence, the expressive function of the sector and risking mission drift (Meyer & Simsa, 2014; Pape et al., 2019; Wellens & Jegers, 2014). This type of funding also brings complications in the management of human resources, which are found to be traditionally overworked and

underpaid (Gee et al., 2022; Smith, 2018), as contracts become increasingly short-term, thus limit the nonprofit ability to keep and invest in human and intellectual capital (Phillips & Wyatt, 2021).

On the other hand, government contracts do provide greater predictability once an organization enters a funding stream, but this inevitably brings a variety of management challenges that threaten long-term planning (Gronbjerg, 1991a; Lasby & Barr, 2021), requiring a specific skill set in the organizational leadership to manage such circumstances (Lochmann, 2007; Akingbola, 2013).

Eventually fee-based revenues place nonprofits in a situation of market competition, with growing demands for service scope and quality, bringing a new set of challenges and implications in program and service delivery (Mayer & Simsa, 2014).

To decrease dependency and the limitations of restrictive funding, nonprofits have been advised to increase focus on fee-based revenues. Interestingly, though, research has shown that such an approach is actually less viable for nonprofits as organizations with greater reliance on fees were successively shown to be less rather than more resilient to external challenges (Bielefeld, 1993; Kinsbergen & Koch, 2022). Another common strategy has been to diversify their funding base and in this way increase control and resilience in a complex funding environment (Froelich, 1999; Hung & Hager, 2019). This is easier said than done, however, as such an approach requires further integration and coordination among different program and service acquisition and delivery approaches, as each type of funding contains its own expectations, requirements and priorities and creates a highly complex environment for nonprofit leaders and managers.

1.2.2. Legitimacy and Multiple Stakeholders

Similar to public institutions, nonprofits depend on a large number of core stakeholders with strong and legitimate claims over the direction and work of the organization (Oster, 1995). These include clients and communities, but also volunteers, board members, staff, as well as funders, public partners and other nonprofits working in a boundary area (Van Puyvelde et al., 2012). Nonprofit stakeholders can often have different and even conflicting demands that can burden

and slow down decision-making, especially since these are organizations with a strong tradition of democratic decision-making (Stone et al., 1999; Petrella et al., 2022). On the other hand, legitimacy in the eyes of these stakeholders is essential for the nonprofit to be able to conduct its activities, as each stakeholder group brings access to different resources that are necessary to run the organization (Balser & McClusky, 2005).

Stakeholder groups are also found to have different perspectives on what is valuable or desirable in an organization, placing nonprofits in a highly strenuous situation of responding to these differing demands (Crittenden et al., 2004; Wellens & Jegers, 2014). For example, volunteerism is an important form of donation (Gee et al., 2022), where individuals support an organization with their time and labour to conduct certain programs and services, which in nonprofits includes volunteers involved in service delivery, but board members as well. However, while program volunteers place largest value on democratic practices and involvement (Crittenden et al., 2004), board volunteers value how well the work is organized and how effective the organization is in reaching its social objectives (Wellens & Jegers, 2014; Van Puyvelde et al., 2012). Legitimacy in the eyes of staff is also crucial, since nonprofits are found to pay less than for-profits (Gee et al., 2022), a difference believed to be compensated with the fact that nonprofit employees receive non-monetary rewards based on a perceived contribution to the organizational mission (Wang, 2022; Oster, 1995). Eventually funders and donors, as a core source of revenues value operational effectiveness and ability to reach mission-related results (Crittenden et al., 2004), with trust being a major determinant of the amount of support they are willing to allocate to organizations (Bekkers, 2003).

Nonprofits also traditionally hold a culture of democratic decision-making, meaning that there is an expectation among stakeholders for major decisions to be made in a participatory and collaborative manner (Brass, 2022). While such practices can be beneficial for the long-term legitimacy of these organizations, they also assume lengthy and iterative planning and decision-making processes which can slow down decision taking and disable effective action and adaptation, especially in conditions of turbulence.

When it comes to nonprofit governance, the role of boards as the central body is often the focus of attention. Yet, as recent studies have repeatedly pointed out (Cornforth, 2003, 2012; Tacon et al., 2017) nonprofit governance includes a wide variety of stakeholders with both

formal and informal authority over organizational decisions and strategy. This question deserves further attention as the lack of clarity over the position and influence of various stakeholders on nonprofit strategy create further tensions and burdens the process of strategic decision-making. While studies have shown that substantial board involvement in the strategic management process contributes to organizational performance (Zhu et al., 2016), the ability of boards themselves to achieve such status in highly contingent on many internal and external organizational circumstances (Bradshaw, 2009; W. A. Brown & Iverson, 2004; Cornforth, 2012; Mcmullin & Raggo, 2020; Zhu et al., 2016).

In conclusion, a multitude of stakeholders brings a variety of interests that need to be integrated in organizational decisions, as these multiple frames of reference shape organizational legitimacy and determine the organizational ability to access resources in its environment. Nonprofit leaders must carefully manage the relationship and approval of each stakeholder group separately to ensure the organizational survival, along with ensuring a consultative and democratic approach in decision-making given the voluntary nature of these organizations.

1.2.3. Dual Bottom Line and Mission Drift

Nonprofits are organized around a mutually agreed social mission while also tending to economic objectives, which should serve as means for the attainment of social ends. Essentially, the nonprofit's ability to achieve it social mandate is primarily dependent on the organizational capacity to access resources in its environment, which means they carry an additional workload as the simple implementation of programs and services does not automatically generate revenues as it is the case in the other two sectors (Moore, 2000). In other words, in comparison to the other two sectors, nonprofits need to make additional efforts to simultaneously pursue social and economic objectives, while also ensuring a high level of congruence among the two, creating greater levels of complexity in managing these organizations (Drucker, 2005; Oster, 1995).

Having multiple bottom lines can often be a source of conflicting priorities (Frumkin & Andre-Clark, 2000; Stone et al., 1999), as steps taken to accommodate access to finances may not necessarily contribute to the social mission of the organization and vice versa. The dual bottom line also implies ambiguous decision-making standards, which is not the case in business organizations that have much more straightforward criteria such as profit (Drucker, 2005). In

this sense, the nonprofit is required to subordinate the acquisition of financial resources to the achievement of social ends, while making sure that funding opportunities will not detract the organization from following the most effective route to delivering its social mandate.

Additionally, since nonprofit mission objectives are dependent upon the socio-economic circumstances in their environment, external turbulence may require adaptation of nonprofit objectives, that translates to changes in services and programming, inevitably requiring further realignment in resource allocation. While this is no different from what public or business organizations need to do in case of changes in services, the additional challenge for nonprofits lies in the restricted character of their resources (Hung & Hager, 2019). Finances are usually given by donors and funders in support of specific programs and priorities, further restricted in terms of allocations and item expenditures (Wiepking & Wit, 2020). So, any changes in social programming may require lengthy negotiation and administrative procedures, or even additional fundraising, to align the financial and social bottom lines.

The inclusion of economic objectives as a precondition to achieve a social mission has often been related to the use of business practices and mindset in the nonprofit sector, as attempts to achieve more with limited resources has eventually led to trends such as corporatization, marketization and managerialism (Mulhare, 1999; Mayer & Simsa, 2014). This has raised fears that such emphasis on efficiency and effectiveness may result in displaced focus and mission drift in the sector, all of which has been further related to increased interest to serve fewer poor clients, reorientation to social goals that are easier to reach or reductions in the democratic decision-making culture (Maier et al., 2016). On the other hand, a dual bottom line inevitably positions both objectives as equally indispensable, requiring from nonprofits to carefully manage tensions between the implementation of economic practices and the protection of public interest outcomes (Suykens et al., 2019).

1.2.4. Accountability and Informality

Due to their social purpose and reliance on public resources, nonprofit actions are constantly subjected to public scrutiny, as a way to ensure that they effectively use common resources to advance a community relevant agenda (Eikenberry & Kluver, 2004; Horvath et al., 2018). For one, nonprofits are required to be accountable to their funders, which brings a series of

administrative and reporting requirements that necessitate great efforts on behalf of these organizations, all the while facing limited support for administrative functions due to restrictive funding policies (Lochmann, 2007). Having multiple funding sources, sometimes within the scope of a single program or service, means that nonprofits are required to separately report to different sources over a single set of actions, adding another layer of complexity in the maintenance of revenue access. Apart from funders, other stakeholders, including the general public, are also interested in how nonprofits allocate and spend resources, positioning accountability and transparency as a key source of legitimacy, trends which have been unequivocally heightened by a general culture of professionalism and efficiency (Meyer & Rowan, 1977).

These demands for efficiency and effectiveness and the administrative tasks they bring to nonprofits, are inherently incompatible with the informal organizational structure and processes of these organizations, usually characterized by organic planning and decision-making, lack of hierarchies and formal division of roles, and transactive and democratic leadership (Anheier, 2000; Gee et al., 2022; Maier & Meyer, 2011). For example, Stone and Brush (1996) emphasize that some of the key ambiguities in nonprofit management come as result of their underdeveloped organizational structure and informal organizational processes. Salamon (1995) describes this as "philanthropic amateurism", a large reliance on volunteers and lack of professional staff in substantive and managerial roles which implies a less structured and more organic approach to organizational management and governance. Perhaps this is best portrayed with what Maier & Meyer (2011) term "domestic" organizational discourse, referring to an overlap between personal and professional roles, decision-making based on collective spirit, passion or idealism, informal communication and planning and flexible division of labour.

This is not to say that there are no nonprofits with highly professionalized and sophisticated organizational processes, but rather that the majority of nonprofits, especially in the core community sector still operates in a more organic manner (Mara, 2000; Sharp & Brock, 2010), which can be at odds with the increasing expectations for administrative and managerial proficiency, and requests for multi-level accountability (Smith & Phillips, 2016).

1.2.5. Implications of COVID-19

The ongoing COVID-19 pandemic has had an enormous impact on all aspects of society, and nonprofits and community organizations have not been spared from its influence. For one, the COVID-19 crisis has emphasized the level of complexity in the nonprofit environment, with implications of the crisis felt at various operational and governance levels (Grønbjerg et al., 2021; Johnson et al., 2021). Due to their public mandate, changes in community needs have directly applied to nonprofit missions, programs and services as new and emerging community priorities have substituted and gained precedence over already established operations (Fuller & Rice, 2022; Irvin & Furneaux, 2022). Subsequently, nonprofits needed to adjust and at times even completely overhaul their service offerings in response to changes in client requirements, often followed by alternative or modified delivery methods (Finchum-Mason et al., 2020; Mcmullin & Raggo, 2020).

Extreme fluctuations in social and economic circumstances in all stages of the pandemic also resulted in increased demand for nonprofit services, in both scope and type, while nonprofits were struggling to sustain pre-pandemic capacities (Fuller & Rice, 2022; Lasby, 2021). For example, demand for service at Canadian food banks almost doubled during the early months of the pandemic with historically record-braking numbers, which is a trend that continues up to date[4]. Domestic violence, often referred to as the "shadow pandemic" rose between 25 and 33% globally[5], while the unemployment rate in the OECD countries in April 2020 was 14.7%, a substantial increase from the average of 2.5-3%. These are just some examples of extreme change in circumstances in sectors and areas where nonprofits traditionally focus their services. These examples also speak to the magnitude of service demands, especially in social service nonprofits which saw an increase in requests that are similar to those of health and research organizations (Lasby, 2021).

On the other hand, such rise in demand was not followed by an appropriate increase in capacity and available resources (Altamimi & Liu, 2022; Finchum-Mason et al., 2020; Fuller & Rice, 2022; Grønbjerg et al., 2021). While early in the pandemic increase in funding was noted in some sectors, most of this was ad hoc, one-off support to address immediate issues usually

[4] https://www.cbc.ca/news/canada/toronto/gta-food-banks-say-theyre-facing-largest-demand-in-history-1.6585801
[5] https://news.harvard.edu/gazette/story/2022/06/shadow-pandemic-of-domestic-violence/

related to food security, health, and housing (Saifer et al., 2021). And even though this early increase in donations was welcome (Finchum-Mason et al., 2020; Saifer et al., 2021), access to such funds remained unpredictable and difficult to obtain, especially for smaller, community-based organizations (Johnson et al., 2021; Searing et al., 2021). Increased funding was also allocated for public services as part of specific governmental programs to respond to community needs, yet such allocations were far from sufficient and rarely took into account the nonprofit need to invest in organizational infrastructure and adaptations of capacity (Lasby, 2021). Other than that, nonprofits have been generally facing a decline in revenues (Johnson et al., 2021), especially in fee-for service income, as many programs became irrelevant and unfeasible to implement.

Uncertainty of resources and insufficient capacities also reflected in workforce supply. A study of Montreal-based volunteer organizations showed that the pandemic saw a number of volunteer disruptions, often due to personal safety issues, especially for older volunteers that so far have been the backbone of local community efforts (Alalouf-Hall & Grant-Poitras, 2021). Organizational closures and suspension of programs and services also resulted in staff hollowing, with substantial number of layoffs and pay reduction (Deitrick et al., 2020). On the other hand, for those that managed to adapt services and keep core staff, the pandemic was found to result in staff burnout (Lasby, 2021).

The COVID-19 crisis also heightened the lack of general resilience of the nonprofit sector. Given the short-term and restricted nature of nonprofit funding, where finances are planned and distributed on an annual basis and further tied to the delivery of specific programs, nonprofits found themselves with very little financial leverage to respond to urgent and unforeseen needs in their environment (Grønbjerg et al., 2021; Irvin & Furneaux, 2022; Johnson et al., 2021). Adding to this is the general lack of financial reserves in the sector (Finchum-Mason et al., 2020; Irvin & Furneaux, 2022), making it extremely difficult to react to external changes without supplementary fundraising, all of which limits the nonprofit ability for a prompt reaction. Nonprofits were also found to have very weak infrastructure, with underdeveloped technological capacities, resulting in future difficulties for swift organizational adjustments (Altamimi & Liu, 2022; Fuller & Rice, 2022). Eventually, disruptions in funding meant a loss in human and intellectual capital as projects were suspended and there were no finances to bridge gaps and keep trained staff (Akingbola, 2020).

The current pandemic perhaps is often referred to as a once-in-a-lifetime event. Yet, when it comes to nonprofits, disruptions and crisis of similar, although more localized effect, could still be seen on an ongoing basis (Saifer et al., 2021). This includes environmental and natural catastrophes, terrorism and war, and social and political upheavals, all of which can have similar effect on nonprofits serving a specific community or group. Even beyond such critical happenings, social and political changes can easily alter the circumstances of nonprofit beneficiaries or render their programs and services irrelevant. Yet, due to their specific organizational traits, nonprofits often lack the capacity to respond swiftly to such challenges.

The COVID-19 crisis also exacerbated the four nonprofit challenges discussed above, exposing a series of weaknesses in nonprofit management and governance. By not providing long-term solutions and tools to address these challenges and increase their resilience, nonprofits remain in an equally vulnerable position to future external events and disruptions.

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To conclude, the four tensions described above, along with the high level of turbulence and unpredictability in the nonprofit environment, clearly complicate the management of nonprofit organizations in ways that are different from the other two sectors (Gee et al., 2022), at the same time rendering the traditional, informal charity unviable to respond to these demands (Hwang & Powell, 2009). Building on these challenges, the next section speaks of attempts to address some of these complexities and the implications it has had over nonprofit management and governance.

1.2.6. Rationalizing the Charity

Nonprofits have often been urged to adopt business models and tools, based on the belief that the transformation from charitable entities into more purposeful and effective organizations will enable nonprofits to better tackle sector-specific tensions and complexities, simultaneously responding to funder and society's requirements for their activities to be more methodically designed and evaluated (Bromley et al., 2012).

The professionalization and rationalization of the third sector were also believed to bring more effective acquisition of intangible mission objectives (Horvath et al., 2018), as nonprofits would be able to better structure, plan and measure their actions. By enabling better control and coordination, these practices were also meant to facilitate more effective use of nonprofit resources and decrease dependency pressures, while performance management tools would enable improved accountability (Maier et al., 2016; Horvath et al., 2018), resulting in increased legitimacy and support from stakeholders. For example, the implementation of business tools has been related to improved organizational performance (Maier et al., 2016), as well and increased ability to leverage funding (Suykens et al., 2019), and positive effects seem to be heightened if such approaches are implemented in bundles or in organizations with a more managerial culture (Beck et al., 2008). The implementation of strategic planning specifically has been related to increased survival and growth (Bielefeld, 1993; Hwang & Bromley, 2015; Stone et al., 1999), as well as access to resources (Hwang & Bromley, 2015; Siciliano, 1997). Positive effects of strategic planning have also been found in relationship to nonprofits' ability to recruit and attain professional staff (Guo, 2006) creating the capacity for long-term organizational performance.

However, there have also been number of concerns related to the introduction of for-profit tools in the voluntary organization. Criticism has resulted from fears over how relevant such transfer of models is to the specifics of the nonprofit environment (Hume & Lenard, 2014; Laurett & Ferreira, 2018) and whether it decreases the overall quality of services and nonprofits' focus on mission and clients (Guo, 2006; Salamon, 1995; Brass, 2022), raising questions if these practices have been utilized beyond their actual value (Hwang & Bromley, 2015).

Scholars have also considered that prioritizing effectiveness and efficiency would lead to mission drift and serving fewer poor clients as the organization would focus more on economically sensible priorities and allow lesser resources for engaging with their beneficiaries (Eikenberry & Kluver, 2004). The most prominent concern, however, has been that a rational approach is inconsistent with the key values of these organizations (Meyer & Simsa, 2014; Mulhare, 1999), and would undermine its expressive function by decreasing democracy and instituting standardization (Frumkin, 2002; Pope et al., 2009; Hwang and Powell, 2009).

In the essence of these debates, lies the key question of whether business concepts and tools can help nonprofits better manage organizational challenges and tensions, all the while

being able to serve the public good more effectively. Empirically, certain studies have shown some grounds for reservations, such as lack of notable influence of strategic planning over mission attainment (Guo, 2006), a shift towards one-size-fits-all service provision (Gallet, 2016) and greater focus on clients that can pay (Khieng & Dahles, 2015). Other concerns include lack of capacity to implement management tools and processes (Hwang & Bromley, 2015; Ogliastri et al., 2016), and lack of acceptance and general resistance (Sharp and Brock, 2010), especially among smaller organizations (Alexander & Weiner, 1998; Searing & Lecy, 2022). At the level of organizational governance, there have also been indications that the marketization of nonprofits can lead to reduced advocacy and community-building role of the sector (Eikenberry & Kluver, 2004), while the focus on operational effectiveness can threaten the participatory character of these organizations (Suykens et al., 2019).

Yet these findings are far from conclusive. One reason for this is that questions of rationality, professionalization and managerialism have been subsided under a common concept of "business-like" (Dart, 2004; Maier et al., 2016) to include a wide variety of trends. However, these concepts have not been properly distinguished and delineated, leading to major confusion in the current scholarship and little ground for theoretical and methodological integration of findings (Maier et al., 2016). At the same time, while the implementation of business tools does raise valid reasons for concern, it is also evident that the managerial and governance challenges faced by the sector (see Section 1.2.1 – 1.2.4.) cannot be tackled without a more comprehensive and structured approach to organizing nonprofit action and processes. In this sense, studies raising issues with the implementation of managerial tools and practices need to be reviewed through the lenses of the benefits they also bring to the sector, moving the focus from whether such tools are useful, to considering the types of adjustments needed in order to achieve beneficial outcomes without threatening the authentic roles and processes of the nonprofit organization (Suykens et al., 2019).

In the end, most of these conversations are essentially focused on whether management practices are sufficiently relevant to the specific needs of the nonprofit organization, especially since most of the nonprofit scholarship has so far prioritized the adaptation of specific management tools and approaches as opposed to a comprehensive review of nonprofit needs (Hume & Lenard, 2014; Laurett & Ferreira, 2018). And while nonprofits and for-profits have different management and governance priorities (Gee et al., 2022), the question remains whether

for-profit practices such as strategic planning hold sufficient, although perhaps different relevance for these organizations. These are some of the questions that are addressed in this dissertation.

1.3. Strategic Planning in the Nonprofit Organization: The Way Forward or "Solutions-Out-of-Context"

Requests for greater rationalization of nonprofit action have culminated in the implementation of strategic planning as the most obvious response to nonprofit management needs and tensions. Strategic planning has been seen as a tool for more systematic approach to nonprofit planning and control, better grasp over intangible social objectives, and greater transparency and accountability in the implementation of public services (Helmig et al., 2004; Hwang & Bromley, 2015).

Yet, despite such promises and rapid uptake, the introduction of strategic planning in the sector has faced challenges that are similar to the ones discussed above. This includes questions about whether we have sufficiently worked to adapt the "traditional model" of nonprofit decision-making before we turn to approaches designed to fit other organizational types (Mulhare, 1999), as well as the fact that plans have been more focused on operational effectiveness as opposed to actual strategy (Frumkin & Andre-Clark, 2000).

At the same time, the initial introduction of strategic planning in the nonprofit space was mostly conducted in a coercive manner, with public and private funders requesting strategic plans as a precondition to access resources (Bromley et al., 2012; Stone, 1999), creating the impression that the main purpose of plans and planning is legitimacy (Stone, 1999; Hwang & Powell, 2009) and shifting the focus away from the actual benefits strategic planning can bring to these organizations.

Here it is worth noting that the concept of strategic planning today differs substantially from early conceptualizations of planning developed in the 1950's and 1960's (Grant, 2003; Pacios, 2004; Wolf & Floyd, 2017). Strategic planning was initially understood as a new type of planning that differed from other planning types such as long-range planning or logical incrementalism. Long-range planning, a model developed for more stable environments, relied

on long-term extrapolation of current trends to enable future allocation of resources and identification of next steps, based on the assumption that future conditions will not differ substantially from circumstances at the time of planning (David, 2011). Yet, hyper turbulence in all sectors and industries have essentially eroded long-range planning irrelevant. In this sense organizational theory has eventually positioned long-range planning as a developmental stage of organizational planning, followed by strategic planning, and eventually strategic management– an integration of strategy formulation with implementation and control to mark the iterative nature of the strategy process and its responsiveness to changes in external circumstances (Pacios, 2004).

Other planning types were also recognized, such as logical incrementalism (Hart, 1992; Lindblom, 1959; Mintzberg & Lampel, 1999) – planning based on incremental changes of current courses of action, or entrepreneurial planning - where decisions are made in a centralized yet less formal fashion by a strong leadership figure (Brews & Hunt, 1999; Brews & Purohit, 2007; Mulhare, 1999). Eventually, based on the understanding that all planning that seeks to align organizational action to achieve predefined objectives within a specific organizational environment is strategic in nature (Albrechts, 2010; Wolf & Floyd, 2017), these different planning types were redefined as planning dimensions, or modes, and further understood as different approaches to strategy making (Andersen, 2004; Bailey et al., 2000; Brews & Hunt, 1999).

In other words, strategic planning today integrates various planning approaches, especially deliberate, formal planning with emergent incremental strategizing (Andersen & Nielsen, 2009; Meissner, 2014; Ocasio & Joseph, 2008). Strategic planning is also understood as a "more or less formalized, periodic process that provides a structured approach to strategy formulation, implementation and control" (Wolf & Floyd, 2017; p. 1758), recognizing various levels of comprehensiveness, formality, and sophistication in planning practice.

To account for the rising levels of turbulence in today's environment, characterized by rapid and unpredictable change, strategic planning has moved from focusing on the development of the plan as a definite course of future action, to a less bureaucratic and more flexible definition of future priorities, that aims to provide the forum for integration of emergent strategy based on ongoing changes in context, as well as coordinate decisions taken at various levels of

the organization. As such, strategic planning has moved to a more socialized, integrative and collaborative process that constantly iterates between strategy formulation, implementation and control (Hutzschenreuter & Kleindienst, 2006; Sirén & Kohtamäki, 2016; Wolf & Floyd, 2017).

Yet many of these changes in strategic planning practice have not been properly acknowledged in the nonprofit space, as nonprofits are still encouraged to implement formal, deliberate planning to contribute to issues of efficiency, accountability and rationalization, with little regard for the ineffectiveness of such models for the turbulent environment nonprofits operate in (Harris et al., 2009; Kong, 2008; Paarlberg & Bielefeld, 2009). In this sense more flexible, socialized models have not been fully introduced nor evaluated in the sector, despite the fact that they possibly hold greater relevance to the highly participatory and more informal culture present in the nonprofit environment (Bigelow et al., 1996; Harris et al., 2009; Paarlberg & Bielefeld, 2009).

Many questions related to the implementation of strategic planning in the sector also lack proper closure since a large portion of scholarly efforts in researching nonprofit strategy remains focused on modifications of specific planning tools and approaches, rather than a comprehensive exploration of how strategic planning does or does not respond to the specific needs of the sector (Kong, 2008; Hume & Lenard, 2014; Laurett & Ferreira, 2018). This includes a broad portfolio of planning process outcomes, such as increased mission alignment, improved relationship with stakeholders and increased rates of survival and growth (Hwang & Bromley, 2015; Siciliano, 1997; Stone et al., 1999), that have not been fully recognized, leaving nonprofits with the impression that strategic planning does not fully fit the specific needs of the sector.

1.3.1. Motivations and Prevalence of Planning

Despite some accounts that strategic planning in nonprofits is nearly ubiquitous (Bryson et al., 2009), empirical data shows that only about 50% of third-sector organizations implement strategic planning (Bromley et al., 2015; Stone et al., 1999). For those they do, key determinants are size, but not necessarily organizational age (Stone et al., 1999; Ogliastri et al., 2016), the characteristics of nonprofit boards and management (Hwang & Powell, 2009; Bromley et al., 2012) and funder requirements (Hwange & Bromley, 2015).

Yet, not all nonprofits recognize donor demands as a primary motivation for planning. While early research on the adoption of strategic planning in nonprofits confirms its prevalence as result of funder requests (Stone et al., 1993; Stone et al., 1999), more recent studies do point out that there are both external and internal determinants to strategic planning in nonprofits. Those include institutional and public pressures, but also an identified need to better manage organizational processes as well as greater professionalization of the sector overall (Hwang & Bromley, 2015). Strategic planning is also more prevalent in larger organizations (Beck et al., 2008; Lindenberg, 2001), implying that bigger, more rationalized entities have both greater need to rationalize processes and better understanding of the benefits strategic planning brings in practice. Larger organizations are also in a better position to allocate administrative resources for managerial functions, including staff time for plan formulation and control, while also employing more professional staff in managerial and substantive roles to support the process (Hwang & Bromley, 2015). On the other hand, small, community-based organizations often face the most challenges with its implementation, thus either avoid it completely or resort to poor planning practices, despite the fact that they would benefit from it the most (Alexander & Weiner, 1998; Ferreira & Proença, 2015; Mara, 2000; Ogliastri et al., 2016).

The externally mandated implementation of strategic planning has also elicited different reactions from the sector (Lee, 2016; Oliver, 1991) with some nonprofits adopting planning practice while others resorting to manipulative methods and engaging with formal strategy simply for reasons of legitimacy (Bromley & Powell, 2012; Hwang & Powell, 2009). The latter usually implies these organizations will not take full advantage of the planning process and its benefits, developing plans in short sprints, a centralized and non-participatory process and simply viewing planning as a tool to access funding (Stone et al., 1999).

A lack of understanding of the benefits of planning has also led to low implementation rates and large instances of decoupling, a public display of desired routines such as formal plans, without actual alignment of organizational operations and practices (Brandtner, 2021). A study of 200 nonprofits in the San Francisco Bay Area, noted that over 30% of plans have ended in this type of policy-practice decoupling, meaning that plans were developed but had no influence over daily organizational routines nor there was intention for their implementation (Bromley et al., 2012). This lack of regard for the value of planning in the nonprofit sector can also be seen as a self-fulfilling prophecy, as the widespread belief that the only value of strategic planning

lies in its legitimizing properties has directed organizations and funders to accept poor and superficial planning practices, as nonprofits fail to make full use of the benefits from conducting a proper planning process.

1.3.2. Outcomes of Strategic Planning in Nonprofits

One way to examine the value of formal strategic planning in the sector has been by reviewing its relationship with organizational performance. Nonprofit performance can be defined as the organizational ability to access resources from its environment, in this way accounting for both economic and social objectives, since legitimacy and support from stakeholders can be considered a possible indicator of positive social outcomes (Crittenden et al., 2004; Gee et al., 2022; Wellens & Jegers, 2014).

While empirical findings on the link between strategic planning and performance in the sector have not been fully conclusive, most studies do indicate a positive relationship such as improved financial and social outcomes (Siciliano, 1997; Ogliastri et al., 2016), growth in funding (Stone et al., 1999; Crittenden et al., 2004; Hwang & Powell, 2015), and organizational survival (Burgelman, 1994; Bromley et al., 2012).

Apart from the direct link to performance, studies reviewing the implementation of formal planning in the sector have also indicated additional process outcomes from planning, such as clarified context, mission and mandate (Langley, 1988; Stone, 1989; Stone et al., 1999). The application of formal planning has also been related to decision-making that is better aligned to organizational purposes and improved service delivery (Stone, 1999), all of which hold importance for nonprofits operating under the dual bottom line of social and economic objectives (Bryson & Berry, 2010; Hwang & Bromley, 2015).

Using participant observation of a strategic planning process, Morrison and Salipante (2007) note that strategic planning contributed to more informed, attentive, and activist stakeholders, while Langley (1988) found it to legitimize the work of the organization towards internal and external constituents (Langley, 1988). Strategic planning has also been found effective as a political process, harnessing consensus and responding to the demands of different organizational actors (Harris et al., 2009; Mchatton et al., 2011). These roles are especially

relevant to nonprofits, considering the number of stakeholders that have a say in the work of the organization, and the different and often conflictual interests they exhibit in the decision-making process (Stone et al., 1999).

Strategic planning has also been related to increased accountability and efficiency (Hwang & Bromley, 2015; Sharp & Brock, 2012) and is considered an effective tool to manage and allocate resources (Mchatton et al., 2011). Additionally, formal planning has been found to improve communication and aid information exchange, bringing important benefits for smaller, less developed organizations which often lack the resources to conduct full formal analysis (Stone, 1989; Mara, 2000; Langley, 1988).

While the review of the literature does point out to a variety of important outcomes, there are several issues with prior research on this topic. For one, most of the findings derive from single case studies researching different aspects of the implementation of planning within a single organization (Harris et al., 2009; Langley, 1988; Mara, 2000; Mchatton et al., 2011; Morrison & Salipante, 2007; Sharp & Brock, 2010), making it difficult to integrate and generalize findings.

Additionally, with a few exceptions (Langley, 1988; Mchatton et al., 2011), none of the studies were intentionally focused on assessing actual outcomes of strategic planning in nonprofits, meaning that we still lack a complete understanding of strategic planning's potential.

Third, most of these findings come from studies examining the implementation of formal planning in the sector by reviewing differences between organizations as a variable dependant to planning. However, there are no studies examining how and where these outcomes happen, and what are they dependent upon, i.e., whether some of these positive outcomes result from the simple fact that nonprofits possess a plan, thus have acquired legitimacy, or does the planning process influence these outcomes in any way. It is also interesting to note that some of these studies (Stone, 1999; Bromley et al., 2012; Harris et al., 2009) indicate that positive outcomes from planning are present regardless of whether organizations implement their plans, pointing to the need for greater exploration of the planning process itself as opposed to plan content.

1.3.3. Challenges and Difficulties in Implementing Strategic Planning

A recent systematic review of the scholarship on nonprofit strategic planning in the past 40 years identified that we still do not have insights on the factors that enable strategic planning success in the sector, as well as a thorough overview of the challenges and difficulties related to its implementation (Laurett & Ferreira, 2018). On the other hand, the literature does contain some references to the variety of challenges and difficulties that nonprofits face in strategic planning practice, even though such data are mostly anecdotal, or derived from single case studies at best.

Among the most prominent issues related to the implementation of strategic planning in the sector is the lack of sufficient resources for its proper implementation. Nonprofits often receive some financial support for implementing strategic planning from their funders, however such funding is not consistently available and is distributed on an ad hoc basis (Stone et al., 1999), making it an unreliable source of support beyond the first planning cycle. Funds received are rarely sufficient to cover the variety of expenses that organizations occur during strategic planning and is mostly focused on covering specific components such as hiring a consultant or the implementation of individual planning episodes, such as planning workshops and meetings (Hwang & Bromley, 2015). On the other hand, strategic planning requires substantial organizational investment preceding and following the development of the strategic plan, such as data gathering and analysis of the internal and external circumstances, as well as efforts related to plan operationalization, implementation and control.

Such efforts require considerable support in staff time, that is difficult to secure having in mind the general funding limitations for administrative and managerial expenses in the sector (Buteau et al., 2020; Eden et al., 1986) . In this sense, one might assume that such tasks are delegated among existing staff members, as an additional and often invisible labour apart from the regular roles organizational members hold. Strategic planning is also found to take a lot of effort, especially for smaller organizations that can rarely find the sufficient human resources to engage in proper planning processes (Mara, 2000).

The lack of resources to conduct planning also refers to a lack of training and overall knowledge and skills to implement strategic planning, which can result in ineffective planning processes (Beck et al., 2008). The quality of strategic planning depends heavily on who facilitates the process (Bryson et al., 2012; Innes & Booher, 2015; Mara, 2000). Limited funding

available for expenses outside regular programs and services may threaten the ability of nonprofits to engage quality facilitators. Hwang & Bromley (2015) also note that the strategic planning process itself can sometimes get out of control, as organizations lack experience and understanding of the totality of the planning task, resulting in overly comprehensive processes or the involvement of too many participants, eventually leading to processes that are hard to contain and create more drawbacks than actual benefits. On the other hand, sufficient time and resources allocated for planning are crucial for successful strategy implementation (Moxley, 2004), indicating that the effectiveness of planning is constricted in the nonprofit organization from the very start.

Another big issue in the implementation of planning relates to the general perception that planning is either incompatible or does not bring substantial value to nonprofits. This refers to the assumed incompatibility of planning with the nonprofit culture and character (Beck et al., 2008; Drucker, 2005), leading to large resistance and views of formal planning as a "foreign object" in these organizations (Sharp & Brock, 2010). For example, Sharp and Brock (2010) describe a strategic planning process that was marked by avoidance and rejection from the very start, with little will to participate even by senior management. This may be due to the fact that strategic planning is often forced in nonprofits, required by funders, board members or new leadership with managerial training, and is thus perceived as irrelevant to the core tasks of the organization (Bromley et al., 2012). It could also be that formal management tools are traditionally related with the for-profit sector, and therefore assumed inapplicable given the specific character of the voluntary organization (Sharp & Brock, 2010). In other words, nonprofits may see plans as helpful simply because others request them, positioning strategic planning as a condition to access resources from various stakeholders, rather than as a valuable tool in its own right (Stone et al., 1999; Hwang & Bromley, 2015).

The value of plans is also undermined because nonprofits often face low prospects for their implementation. This includes lack of will or intention to implement plans, based on their perceived role as tools for legitimacy (Stone et al., 1993; Hwang & Bromley, 2015), or reduced relevance of plans soon after completion as result of rapid changes in the nonprofit environment (Brandtner, 2021; Bromley et al., 2012; Lee, 2017). In the case of nonprofits, decoupling is also found to happen over time, meaning that even for those organizations that do intend to

implement plans, changes in circumstances lead them to change course, eventually resulting in lack of implementation efforts for the initial plan (Brooks, 2008).

On the other hand, it is interesting to note that such change in external circumstances is applicable to all three sectors, not just nonprofits. The general management literature has recognized this dynamism in the environment as a reason to practise more flexible and integrative planning, where formal, deliberate plans are coupled with emergent strategizing (Ocasio & Joseph, 2008) [see section 1.3.4]. Yet these concepts have not been properly explored in the nonprofit space, with some exceptions (see Stone & Brush, 1996; Morrison & Salipante, 2007), leaving nonprofits with the impression that the need to continually modify plans points to their inapplicability to the needs of the sector, rather than seeing the need for modifications as a component of planning in turbulent environments (Andersen & Nielsen, 2009; Grant, 2003; Wolf & Floyd, 2017).

In conclusion, nonprofits face substantial challenges in the implementation of strategic planning, leading scholars to rightfully ask whether attempts to establish strategic planning in nonprofits have gone beyond the value it can bring to these organizations (Hwang & Bromley, 2015; Guo, 2006). From insufficient resources in terms of human capacity, knowledge and skills to implement the process, a general resistance to strategizing as incompatible to the nature of these organizations, to a lack of unrestricted funds to support quality planning, the conditions for the implementation of strategic planning in nonprofits are severely challenged, especially for smaller organizations.

That being said, we also need to note that many of these challenges are more related to the need for greater investment in nonprofits' capacity to plan, along with greater understanding of the actual role and benefits it can bring for their survival and growth, rather than an inherent incompatibility between strategic planning and the nonprofit organization.

1.3.4. Nonprofit Planning in Turbulence

A major concern regarding formal strategic planning has been the relevance of nonprofit plans because of high levels of turbulence in their environment, and the rapid change of circumstances that renders plans irrelevant (Pache & Santos, 2010). Turbulence in the nonprofit space comes as

result of global economic and socio-political events such as the rise of new technologies, increasing diversity, uneven development and pressing environmental concerns, all of which reflect in immediate alteration of circumstances and apply directly to client needs and funder priorities (Ansell et al., 2021; Kong, 2008; Rauws, 2017). Additionally, the large number of stakeholders in the nonprofit ecosystem, and their core influence over the voluntary organization, constantly challenge the conditions under which these organizations compete for funds, users, and legitimacy (Chen, 2022; Willems et al., 2022). These experiences have often contributed to the notion that strategic planning does not work for these organizations (Hwang & Bromley, 2015) and is incompatible with the nonprofit context and environment.

Outside the nonprofit literature, the concern about the relevance of planning has been the subject of vigorous debate in the past decades. Formal, deliberate planning has been particularly criticized for being rigid and inflexible, and unsuited for environments characterized by complexity and rapid change (Mintzberg, 1994b; Sharp, 2021). However, more recent studies show that formal planning remains essential for tackling turbulence, but only when adjusted to fit complex settings, with greater informality, decentralization of the planning process and integration of formal and incremental planning modes (Grant, 2003; Ocasio & Joseph, 2008; Wolf & Floyd, 2017).

Yet, nonprofits have been traditionally urged to implement linear, deliberate planning to address issues related to operational effectiveness and accountability concerns (Harris et al., 2009; Stone et al., 1999), an approach that is considered ineffective for the management of complex settings (Anderson, 1999; Ansell et al., 2021; Bryson, 2010; Paarlberg & Bielefeld, 2009; Stacey, 1995).

Empirical research looking at nonprofit planning in turbulence does suggest that nonprofits would benefit from integrating multiple planning modes (Morrison & Salipante, 2007; Stone & Brush, 1996). However, as opposed to management studies pointing out the relevance of emergent and incremental planning as a tool to adjust to a change of circumstances (Andersen & Nielsen, 2009; Ocasio & Joseph, 2008), nonprofits see multimode planning as means to address the demands of different stakeholder groups, i.e., formal planning to satisfy donor demands, while incremental and organic strategizing to ensure member commitment (Stone & Brush, 1996; Morrison & Salipante, 2007). These studies once again corroborate the assumption that

planning is mainly done for reasons of legitimacy, neglecting the multiple roles strategic planning can play in relationship to volatile surroundings, including learning, integration and coordination (Wolf & Floyd, 2017). Apart from these limited attempts, we currently lack understanding on whether and what kind of planning approach could help nonprofits navigate the specifics of their changing environment, with no studies attempting to grasp the factors of success for nonprofit strategizing, which further complicates our ability to understand its pitfalls and suggest more effective ways forward (Laurett & Ferreira, 2018).

1.4. Theoretical Approach

This study draws largely on the theoretical propositions of the strategy-as-process scholarship which explores strategy process as a determinant of the outcomes and implications of strategic planning (Hernes, 2014; Nonaka et al., 2008). My approach relies on the understanding that how we conduct the strategy process will have major implications on strategy outcomes, as the process itself can bring specific benefits and consequences that will further influence long-term performance, regardless of the plan itself (Meissner, 2014; Nonaka et al., 2008). Viewing strategy as a process also couples strategy formulation with strategy implementation, not as separate, but rather iterative phases of as a singular action, as strategy evolves along the circumstances in which it is implemented. Strategy process scholarship is also closely connected with the extended resource-based view of strategy (Barney, 1991; Barreto, 2010; Clarke & MacDonald, 2019; Ordonez-Ponce & Clarke, 2020), and the specific concept of dynamic capabilities which assumes that competitive advantage, and therefore strategy effectiveness is based on the organizational resources, and its ability to reorganize and adapt such resources to respond to changes in the environment (Eisenhardt & Martin, 2000; Ordonez-Ponce et al., 2020; Teece, 2014). Much of recent work in this domain is based on strategy as a dynamic process of ongoing adaptation, one that relies on organizational learning, entrepreneurship and innovation (Hughes & Hodgkinson, 2019).

Finally, as strategy is always placed in the context of the operating environment, which in this case is one of high turbulence and instability, I use the theoretical contributions of complexity sciences and the post-structuralist understanding of open organizational systems to account for the autonomous, yet interdependent interaction among various components in a

given system (Rauws, 2017; Stacey, 1995; Andersen, 1999). This highlights unpredictability and constant change as key characteristics of the environment, once again emphasizing the evolving and adaptive nature of strategy and planning. Accordingly, this section briefly describes these two theoretical approaches.

1.4.1. Strategy-as-Process

Strategy process scholarship in the management literature marks a shift from strategy content, or how firms position themselves within different environmental contexts to achieve optimal performance (Porter, 1995), to a closer focus on administrative systems and decision processes and their influence over strategy outcomes (Chakravarthy & Doz, 1992). Broadly speaking, process research is concerned with how things evolve over time and why they evolve in a certain way (Kouamé & Langley, 2018; Langley, 1999). Van de Ven defines process in three different ways: (1) as an explanation of variance, in this case the famous "black-box" which is never directly observed, but rather implicitly understood by examining different inputs and their successive outcomes; (2) process as categories of concepts of individual and organizational action; and (3) process as a sequence of events that develop and change through time (van de Ven, 1992).

For the purposes of this study, I understand the strategy process in two different ways. First, I interpret the strategy process as one that encompasses the interdependent, yet iterative stages of strategy formulation, implementation and control, based on the early definition of Schendel and Hofer (Wolf & Floyd, 2017). I also define the strategy process as a "sequence of actions" that shape and result in organizational strategy as it is enacted by an organization, even though not necessarily represented as a strategic plan *per se* (van de Ven, 1992).

Within this concept, a series of microprocesses and interactions occur that influence the outcomes of strategic planning, regardless of the plan and its content. These microprocesses encompass the three key elements of the strategy process, the strategist(s), the issue, and the sequence of actions, along with their static and dynamic characteristics (Hutzschenreuter & Kleindienst, 2006).

For example, considering strategy is created by individuals, the strategy process and decisions are inherently influenced by the characteristics of the strategy group, along with their personal and cognitive context (Hutzschenreuter & Kleindienst, 2006). The strategy process will also depend upon the characteristics of the issue, such as its complexity, urgency or relevance. Eventually, the strategy process and its outcomes will depend on how that process is organized and conducted, where the characteristics of the process, such as its degree or rationality, comprehensiveness and sophistication emerge as major determinants of the strategy-process outcomes (Hutzschenreuter & Kleindienst, 2006; Meissner, 2014). The latter is what this study focuses and builds upon.

In summary, the strategy-as-process scholarship has repositioned the focus of strategy research away from plan content and the various competing schools - i.e., design, learning, positioning, cognitive and other (Mintzberg & Lampel, 1999) - to greater interest in the micro determinants of planning and their influence over organizational effectiveness, success and long-term performance.

In the examination of the processual mechanisms that define the outcomes of strategic planning, several process characteristics have received considerable attention. Participation has emerged as a key determinant of effective strategizing, both in terms of quality of participation and well as who participates in the process (Wolf & Floyd, 2017; Healy et al., 2015). For example, studies have emphasized the involvement of various management levels, especially middle management, to result in greater decision quality, commitment and overall strategy effectiveness (Schaefer & Guenther, 2016; Wooldridge et al., 2008). Additionally, participation quality, or how effectively participants engage in dialogue and negotiation, as well how decentralized decision-making is within such a process, further determines the end result (Jarzabkowski & Balogun, 2009; Ketokivi & Castaner, 2004; Kurschner & Guenther, 2012).

Other characteristics of the planning process have also been related to the effectiveness of strategic outcomes, such as (1) formalization, or whether the process follows structured and predetermined steps of internal and external analysis, strategy generation, selection, and control (Amoo et al., 2019); (2) sophistication, or the use of various planning tools; as well as (3) plan comprehensiveness, or the level of detail and diversity of tools used in the process (Thomas & Ambrosini, 2015). Meissner (2014) identifies multiple alternative generation and information

integration as other important determinants of planning success. Looking at the factors of successful planning workshops, Healy and colleagues (Healy et al., 2015) emphasize the importance of clarity of goals, routinization and cognitive effort during planning to determine the effectiveness of planning efforts. Other authors have also reviewed the relationship between strategizing and learning (Hughes & Hodgkinson, 2019; Sirén & Kohtamäki, 2016), as well as the level of adaptability of strategy or how it integrates deliberate and emergent strategizing as key determinants of planning success (Andersen, 2004; Andersen & Nielsen, 2009; Ocasio & Joseph, 2008). Apart from these "hard" characteristics of the planning process, studies have also reviewed the so-called "soft" characteristics of the process, such as involvement, consensus and perceptions of procedural justice to also influence the quality of planning decisions and the general contribution of planning over long-term organizational performance (Hutzschenreuter & Kleindienst, 2006).

Overall, the strategy-as-process and strategy-as-practice *turn* in strategic planning have contributed to moving the focus from the distal outcomes of the strategic planning process such as strategic adaptation, change and performance to the more immediate, proximal outcomes such as decision quality, commitment, ownership, integration and coordination (Wolf & Floyd, 2017). This has come after long attempts to confirm the relationship between strategic planning and performance, which has been difficult due to the number of interfering influences that mediate the planning-performance link (Amoo et al., 2019; Amoo et al., 2021; George et al., 2018). The inability to control this variety of influences has eventually led to greater interest in some of the immediate, first order outcomes of strategic planning as antecedents of the more distal outcomes such as organizational performance and change (Wolf & Floyd, 2017).

The recognition of the intermediary, proximal outcomes of planning has also brought greater awareness of the changed roles that strategic planning has evolved to play in organizations. The emphasis on integration, communication, and coordination as outcomes of the strategic planning process has outlined a modified purpose of planning, away from the bureaucratic and rational exercises and the plan as a blueprint of future action, into an ongoing process meant to integrate and facilitate long-term strategic adaptation (Grant, 2003). Within this changed understanding, large attention has been directed to the implementation of integrative and adaptive planning, that couples top-bottom deliberate plans with emerging, decentralized strategies steaming bottom-up (Ketokivi & Castaner, 2004; Ocasio & Joseph, 2008), thereby

positioning formal, deliberate planning not as an antithesis, but rather as a precondition for successful incrementalism (Brews & Hunt, 1999; Andersen, 2004).

In other words, how we understand what strategic planning is, has moved from a rational, centralized process to a more realistic and socialized model geared towards information sharing, communication, coordination, and learning. As a result, the purpose of strategic planning is also modified. Rather than focusing on the success of the plan as a final product, the focus is on how the process itself can enable effective integration and adaptation to changed circumstances in the organizational environment.

This study builds on the strategy-as-process scholarship in several ways. For one, it examines the value of strategic planning in the nonprofit organization by focusing on the proximal outcomes of the planning process itself, further reviewing the value of such first-order outcomes for the specific management needs and challenges faced by the nonprofit organization. Secondly, the study also uses a process-based perspective to elaborate the relationship between the acquisition of such proximal outcomes and their possible contribution to nonprofit survival and growth as long-term outcomes of formal planning that have already been identified in the literature (Stone et al., 1999; Hwang & Bromley, 2015).

Lastly, the study also works to connect specific characteristics of the strategic planning process, such as participation, consultation, and formality as determinants of the proximal outcomes of planning, in order to enhance our understanding of what are the factors for conducting effective processes in the voluntary organization.

1.4.2. Planning with Complexity

The purpose of strategic planning is to help organizations achieve a fit with their environment, by determining an overall direction for efforts and moving the organization from where it is to where it wants to be (Paarlberg & Bielefeld, 2009). Understanding how the environment operates is therefore essential to defining how the process of strategic planning and strategic management needs to be organized and facilitated.

This study builds on the propositions of complexity science, a growing body of theory aggregating ideas from various fields and increasingly recognized to hold a considerable promise

in understanding environmental circumstances (Paarlberg & Bielefeld, 2009; Rauws, 2017). For organizational scholars, complex adaptive systems (CAS) are of specific interest because they emphasize the dynamic properties of nonlinear network feedback (Paarlberg & Bielefeld, 2009).

Complex adaptive systems assume an environment in which a great number of interdependent agents interact with one another in great many ways, as they self-organize and evolve through a process of continuous, dynamic change (Allmendinger, 2009). System components, such as individual organizations, are actors seeking a sustained fit with such dynamic environments and in constant need to change as the system changes (Rauws, 2017).

Understanding organizations as part of a wider environmental system is not new, but rather embedded in most of the planning and management literature. The novelty lies in the unpredictability that comes as result of the components being both interconnected and yet autonomous in their behaviour, so the ways they change, adapt, and evolve via a network of feedback loops cannot be foreseen (Anderson, 1999; Rauws, 2017).

In other words, in complex systems, agents cannot predict the outcomes of their actions, as outcomes evolve from a multitude of reactions among all system components. And while the behaviour of agents is intentional, outcomes cannot be, as they emerge as result of various agents interacting, learning, and changing their own behaviour in unexpected ways (Paarlberg & Bielefeld, 2009). The process unfolding is one of independent, spontaneous self-organization and competitive selection that weeds out the organizations which are incapable of spontaneous changeability and adaptation (Chakravarty, 1997).

As opposed to traditional perceptions of the environment, where change is mostly identifiable and organizations can purposefully reach a point of equilibrium, CAS finds that there are multiple, but unpredictable, equilibrium points (Chakravarty, 1997). Choice and intended outcomes are not possible in complex environments, since even though the system is deterministic by structure, it is open-ended regarding outcomes (Stacey, 1995).

CAS scholars have criticized the traditional schools in the strategy literature for failing to understand how the environment operates (Stacey, 1995; Chakravarty, 1997; Paarlberg & Bielefeld, 2009; Galzaskievich & Bielefeld, 1998), basing strategy approaches on faulty grounds. For example, the strategic choice school assumes change is linear and governed by rules of cause and effect (Galzaskievich & Bielefeld, 1998). It is rooted in the belief that change

can be controlled by deliberate planning, as organizations intentionally reorganize to achieve a state of fit with the environment. As such, the strategy choice school assumes that environmental change is largely identifiable, and that organizations can predict future developments in their surroundings as well as the outcomes of their own actions, to secure a desired alignment with their environment (Stacey, 1995; Paarlberg & Bielefeld, 2009; Galzaskievich & Bielefeld, 1998).

On a similar note, environmentally determined frameworks, such as population ecology and contingency theory, focus on the external forces that shape the strategic direction of the organization, so change is perceived to happen as result of the reaction of the organization to environmental forces (Stacey, 1995). In a process of competitive selection, organizations that do not possess certain organizational traits are at a clear disadvantage. The role of strategic management is therefore to ensure organizations timely adjust to environmental demands, once again under the assumption that such purposeful points of equilibrium can be foreseen in advance (Galzaskievich & Bielefeld, 1998).

However, in complex systems, change is unpredictable, making it impossible for managers and organizations to determine the outcomes of their actions or the long-term developments in their environment. In other words, the complexity perspective negates the ability of planners and strategists to forecast and predict changes in the environment, which has traditionally been a core component of planning and of the rational comprehensive approach (Friedmann, 2019; Klosterman, 2013).

The ability to accurately predict the future has already been challenged for many reasons. For example, that predictions tend to be extrapolations of the past, and/or planners cannot be neutral and are therefore subjective in their assumptions, and/or that any forecast will always be based on incomplete data, partial hypothesis and multiple assumptions (Balducci et al., 2011; Klosterman, 2013; Mintzberg, 1994b). For example, Wright and Goodwin (2009) speak of three key reasons why forecasts fail: inappropriate framing; inappropriate attributions of causality and cognitive and motivational biases. However, the complexity perspective takes this question further, as the inability to assume the actions of any actor in an environment essentially threatens the validity of forecasts and predictions, even if procedures are enhanced and common pitfalls avoided (Klosterman, 2013). On the other hand, planning is always future-oriented and in this

sense will always contain assumptions about the future based on which a course of actions will be determined. The difference however might lie in how we treat such assumptions and the level of certainty we assign to them. Integrative frameworks that combine both deliberate and incremental approaches allow us to rely on certain assumptions and forecasts as a starting point for plan development, further complemented by incremental adjustments as actual circumstances unfold (Sengupta et al., 2016). In response to these criticisms, recent scholarship promotes more flexible and less bureaucratic processes with less concern about plans and greater concern for adaptation as better suited for situations of complexity (Boelens & de Roo, 2016; Rauws, 2017).

On the other hand, incremental and emergent frameworks that initially appeared as criticism of formal, rational planning, claiming it lacks the capacity to comprehend and analyze the variety of environmental factors as situations evolve too fast for plans to remain relevant (Lindblom, 1959; Mintzberg, 1994b; Mintzberg & Lampel, 1999) have also shown to be insufficient when implemented in isolation. Recent studies have also confirmed that formal strategic planning remains essential for tackling turbulence, but only when coupled with incremental, emergent strategizing (Brews & Purohit, 2007; Grant, 2003; Wolf & Floyd, 2017; Andersen & Nielsen 2009; Hughes & Hodgkinson, 2019). Grant (2003) labels this approach "planned emergence", emphasizing that such planning includes both top-bottom formal plans coupled with incremental, decentralized, bottom-up adjustments. This rationale makes sense for the management of complex adaptive systems as it integrates the structuring and coordinative role of formal, deliberate planning along with the innovative and learning oriented potential of the learning school approach.

Therefore, in complex settings, formal planning should focus on a broad range of acceptable outcomes (Paarlberg & Bielefeld, 2009; Anderson and Nielsen, 2004; Chakravarty, 1997) rather than strictly defined ends, allowing for effective, improvised, and self-organized solutions to emerge (Anderson, 1999). Healy (2006) calls this "development trajectories" and argues that the role of planning is one of setting direction and broad objectives that are further modified in response to the circumstances of the external environment.

Apart from integrating deliberate and emergent strategizing and greater flexibility of the planning process, the literature also points out the importance of decentralized and participatory planning as essential in adjusting strategic planning models to volatile settings. Participatory and

decentralized planning, as a tool to facilitate organizational learning and integrate knowledge and information otherwise dispersed through the organization (Sirén & Kohtamäki, 2016), is found to increase sensitivity to environmental change and help harness the entrepreneurial potential of organizational members (Hughes & Hodkinson, 2020).

The environmental complexity perspective has been given limited attention in the nonprofit literature (see Paarlberg & Bielefeld, 2009), despite the common reality that nonprofits function in highly complex settings which are characterized by multiple actors with strong influence over the organization, as well as the variety and pace of change in social and political circumstances that apply directly to nonprofit programs and services (Fuller & Rice, 2022; Searing et al., 2021; Willems et al., 2022).

To date, nonprofit strategic planning has not been empirically examined from a complexity perspective to determine how can we better adjust strategic planning practices in the sector to accommodate the dynamic and unpredictable character of the nonprofit context. This study uses the CAS literature as a starting point in understanding the external conditions in the nonprofit space, to explore the relevance and viability of current strategic planning practices and examine more effective ways forward.

1.5. Scope and Aims

1.5.1. Summary of the Literature

Nonprofit organizations are unique entities that represent a specific amalgam of traits from the other three sectors in society. Just like businesses, they are established by private individuals, like families and communities; their actions are voluntary; and, like governmental organizations, they are not-for-profit and serve a public purpose. The combination of these traits poses a series of idiosyncratic challenges in the management and governance of nonprofits, including (1) their dual bottom line and the need to simultaneously navigate social and economic objectives; (2) their muddled ownership where a large number of stakeholders hold strong claims and influence over the work of the organization; (3) the lack of direct access to and control over resources and dependency on various stakeholders to obtain them; and (4) informal and underdeveloped organizational structures and processes.

These organizational traits bring a series of complexities in managing the nonprofit organization. At the same time, the traditionally organic and informal approach to organizing has not been sufficient to help nonprofits navigate the internal and external challenges they face (Hwang & Powell, 2009). The growing role of nonprofits as a core provider of public services, especially in neoliberal regimes, has added additional pressure to professionalize these organizations. As a result, nonprofits have been urged to make greater use of managerial tools developed for their for-profit counterparts in order to rationalize their activities and improve the organizational efficiency. Strategic planning and management have been at the forefront of such initiatives, as tools meant to help structure, guide and control nonprofit action, and ensure the effective achievement of organizational mission.

Compared with the organic and incremental approach to planning that has been traditionally implemented in the sector (Mulhare, 1999), strategic planning is found to hold promise as it allows nonprofits to be more deliberate in the identification of their social objectives. Strategic planning is also assumed to help nonprofits identify a relevant and clearly defined mission and mandate for the organization by accounting for a variety of internal and external factors, rather than simply pursuing available funding opportunities which may often be the case with incremental decision-making (Hwang & Powell, 2009).

While long-term planning and programming also offer opportunities for allocation of resources and coordination of action, an essential component of planning for nonprofits is the actual acquisition of resources and the alignment of organizational objectives to changing external circumstances, all of which speaks to the specific theoretical relevance of strategic planning to the needs of these organizations (Stone & Brush, 1996). Empirical studies have also pointed out the importance of formal strategizing for nonprofits, with valuable outcomes for those organizations that implement it. Such gains include improved social and financial performance, as well as mission attainment (Crittenden et al., 2004; Siciliano, 1997), legitimacy and access to resources (Stone et al., 1993; Stone et al., 1999), and improved rates of organizational survival (Bromley et al., 2015; Stone et al., 1999; Burgelman, 1994). However, despite the important benefits that result from strategic planning, its implementation in the nonprofit space has been far from straightforward because the sector continues to face various dilemmas and challenges related to its application.

In summary, the preceding literature review has specifically outlined the following:

1) Strategic planning as a concept relies on and prioritizes the value of efficiency and effectiveness in organizational action. Nonprofits have a dual bottom line where social mission needs to have precedence over economic objectives. Scholars have been concerned that the implementation of strategic planning and similar management tools, emphasize economic priorities, and, in this way, undermine the social and expressive function of the sector (Frumkin & Andre-Clark, 2000; Yu & Chen, 2018). While we can recognize the benefits that strategic planning can bring to these organizations in the sense of better structured, coordinated, efficient and effective action, the question remains of whether such an approach helps or hinders nonprofits' achievement of their social objectives (Guo, 2006; Suykens et al., 2019). The lack of comprehensive review of nonprofit management needs and the relevance of tools such as strategic planning further complicates matters (Hume & Lenard, 2014; Laurett & Ferreira, 2018). In summary, there is still no clear indication in the literature that strategic planning as a tool is substantially relevant to the specific needs and challenges faced by the typical nonprofit organization.

2) Nonprofit scholarship has so far identified links between formal planning and nonprofit performance. However, such indications are not fully conclusive because of the difficulty of defining performance in the sector (Stone et al., 1999; Crittenden, et al., 2004), as well as the multiplicity of factors that could moderate that link. Empirical studies point out a variety of benefits of formal strategic planning in the sector, such as improved mission alignment, or increased ownership and legitimacy. However, the complete portfolio of formal planning outcomes has not been systematically examined, as well how such outcomes may essentially bring value for the voluntary organization. The outcomes of formal planning are also dependent on how planning is conducted and the characteristics of effective planning processes. Suggestions about how to organize strategic planning are plentiful in the nonprofit sector, yet this advice is often normative and theoretical (see for example Allison & Kaye, 1998; Bryson, 2017; Kong, 2008). In other words, despite the increased interest on the topic, we still lack

empirical studies regarding the factors and characteristics of effective strategic planning in the sector (Laurett & Ferreira, 2018).

3) Nonprofits, especially smaller, community-based organizations face many difficulties when implementing strategic planning, primarily related to lack of experience and resources to conduct quality planning process (Beck et al., 2008; Ogliastri et al., 2016; Stone et al., 1999). Nonprofits also share resistance to strategic planning as a "foreign tool", which coupled with the belief that the primary role of planning is to bring legitimacy to nonprofits, can discourage organizations from engaging fully with strategic planning (Hwang & Bromley, 2015; Sharp & Brock, 2010).

4) Lastly, a major issue with nonprofit plans is the fact that they lose relevance soon after completion due to changes in their operating environment. In the for-profit sector, strategic planning systems have been substantially modified in response to increasing environmental turbulence to recognize that planning in turbulence must encompass greater flexibility and integration between formal and emergent plans. Nonprofits function in highly volatile environments (Ansell et al., 2021; Kong, 2008), therefore understanding how strategic planning practice can be modified to fit the management of nonprofits in dynamic settings can provide greater clarity on the characteristics of effective planning in the sector, and contribute to our understanding the value of planning beyond the plan as a final product.

1.5.2. Research Questions

Building on these inputs and gaps from the literature, this dissertation focuses on examining the value and contribution of formal strategic planning in the nonprofit sector. This focus is determined by the fact that despite various accounts of benefits from strategic planning, its role in the sector is not properly recognized, leading to superficial planning practices and lack of implementation of plans once they are developed, possibly dismissing a series of important gains that come from proper planning practice.

It also needs to be recognized that there is still a variety of challenges related to the implementation of strategic planning. These challenges include insufficient resources or skills,

or the need for further adjustments in strategic planning systems, which cannot happen without a proper recognition of the legitimacy of strategic planning as a tool to begin with. As a result, the purpose of this study is to summarize, integrate and further our knowledge on the value of strategic planning, as a way to move the conversation from whether nonprofits should embrace formal planning at all, to how we should best plan for the needs of the nonprofit organization. More specifically, the research seeks to examine the following questions:

1) How can strategic planning help navigate the particular management challenges faced by the nonprofit organization? What roles can strategic planning play and what value does it bring considering the unique needs of the sector?
2) What are the first-order, proximal outcomes of the strategic planning process in a nonprofit organization, and how do they relate to some common characteristics of the strategic planning in the third sector? How do these first-order outcomes contribute to the ability of nonprofits to effectively navigate their environment, and can they contribute to second-order outcomes such as strategic adaptation, change and performance?
3) How has nonprofit strategic planning adjusted to conditions of turbulence and what strategic planning practices have proved to be effective in tackling unstable environments? How can we modify strategic planning models to enable its full potential in volatile settings?

1.6. Research Methodology

1.6.1. Research Paradigm

A research paradigm is a common set of beliefs and agreements on how problems should be addressed and understood (Mertens, 2015). Similarly, Creswell (2014) describes research paradigms as worldviews, a "general philosophical orientation about the world and the nature of research that the researcher brings to a study" (Creswell, 2014, p. 30).

In a given study, a paradigm is a belief system with whom the researcher identifies, mostly represented through one's understanding of the nature of being – *ontology* and the nature of knowledge or how can knowledge be acquired – *epistemology* (Mertens, 2015). The importance

of the philosophical paradigm, although often implicit in one's research methodology, is to explain the researcher's logic, choice of research approach, and methods.

This study is framed by a social constructivist paradigm – a theory that positions knowledge as socially situated and constructed through interaction with others (Creswell & Poth, 2018). According to Crotty (1998), the constructivist, interpretative perspective lies at the crossroad between subjective and objective epistemologies. Its subjectivity comes from the fact that it relies on the notion that individuals seek to understand and make sense of the world around them, attributing subjective meanings of their experiences. The objectivity comes from connecting various accounts of the subjective knowledge acquired by different individuals, thus it is the role of the researcher to develop or construct a more objective meaning by analyzing and interpreting these multiple frames of reference (Denzin & Lincoln, 2018; Merriam & Tisdell, 2016).

As such, meaning and knowledge is not discovered, or invented, but rather constructed based on the multiple individual meanings as they interact with one another captured through the lenses of the researcher (Merriam & Tisdell, 2016). In this sense, the constructivist worldview also assumes an objective reality, where multiple individual meanings applied by multiple participants help generate an understanding and description of a phenomenon of interest. Yet, as opposed to critical research, the focus is on understanding reality while accounting for the influences of the context that shapes it, rather than a specific emphasis on dismantling and challenging the power relations and structures that determine reality as such (Creswell, 2014; Merriam & Tisdell, 2016).

Social constructivism does not address the concept of objective reality, but rather the concept of objective truth, reflecting an interpretivist perspective that truth is determined by the individual perception and circumstances, based on one's lived experience (Creswell, 2014). The constructivist worldview also recognizes the social and historical constructs that shape individual perceptions. In the search for knowledge, the researcher needs to carefully consider the context as well as the specific circumstances and positions of different study participants, so they can account for any subjectivity when interpreting the research data and constructing the knowledge about a phenomenon (Crotty, 1998).

In social constructivism, the research process inductively builds a theory or a pattern rather than start from predetermined theoretical accounts (Lincoln & Guba, 2013). The research is also influenced by the personal, historical and cultural propositions that shape the researcher. These antecedent concepts drive the selection of research question, the choice of research design, and the methods and approaches a researcher chooses to study a given phenomenon.

1.6.2. Research Design

The choice of research design relies on the type of research questions asked, the perspectives and involvement of the researcher, the underlying worldview, how the design determines the researcher's approach to knowledge, as well as the practical implications of access, time and other resources (Creswell, 2014).

This dissertation uses a qualitative research design which is commonly associated with constructivist research (Merriam & Tisdell, 2016), in this case, to explore questions relating to the implementation and outcomes of strategic planning processes in nonprofits. A qualitative research design can be both exploratory and explanatory in nature (Yin, 2014), observing phenomena in their natural setting and relying on complex reasoning in a predominantly inductive inquiry (Lincoln & Guba, 2013; Merriam & Tisdell, 2016). It is rooted in understanding participant perspectives and perceptions, and applies multiple methods to make sense of data and their contextual dependencies (Creswell & Poth, 2018). Qualitative research is often used when we pursue complex and detailed understanding of an issue and aimed at describing or explaining how certain processes occur, and how are they shaped and determined (Merriam & Tisdell, 2016).

The main advantage of using a qualitative design for this specific study was that it allowed me to capture participant perceptions on the benefits and challenges of the strategic planning process, as well as participant experiences on planning and adapting during the COVID-19 pandemic, while accounting for the organizational and individual context that shaped these observations (Denzin & Lincoln, 2018). A qualitative approach permitted a flexible research design, based on open-ended questions that were rooted in, yet not constrained by previous scholarship, providing enough room for study participants to construct and follow their own concepts.

I also found that the use of qualitative approach brings several other advantages considering the specifics of this study. For one, qualitative research is better suited to explain phenomena, especially ones of high complexity that require in-depth information that is better collected through qualitative methods such as interviews, observations and focus groups (Creswell, 2014). Second, this study focuses on the exploration of strategy processes, and many strategy process researchers themselves have given precedence to qualitative methodologies (Burgelman, 1988, 2016; Eisenhardt, 1989b; Martin & Eisenhardt, 2010), including more recent studies implemented by strategy-as-practice scholars (Jarzabkowski & Balogun, 2009), based on the belief that process and practice can only be studied from within (Kouamé & Langley, 2018).

Third, while some of the questions being explored in this study have been partially examined in the for-profit setting, they have not yet been empirically researched in the nonprofit world. Most of the nonprofit management literature has so far readily accepted for-profit concepts and data based on the assumption that they apply similarly in the nonprofit space, making a quantitative study perhaps a viable and desirable option for generating more robust findings (Creswell, 2014; Stockemer, 2019; Laurett & Ferreira, 2018). One of the purposes of this study is to re-examine such assumptions and review the observed phenomena within the specific context they appear, as well as the historical and institutional structures that shaped them. This adds the advantage of exploring the nonprofit strategy process in its natural setting, building on common critiques that nonprofit strategic planning inquiry often assumes replicability of findings from the for-profit sector, thus neglects the specific of the voluntary organization and environment.

In the study of nonprofits, the three key components of the strategy process are different than in for-profits: the strategist, the context, and the issue (Hutzschenreuter & Kleindienst, 2006). This suggests that the characteristics of the process and their eventual outcomes will differ as well, thus necessitating a more exploratory approach to research. Finally, an inductive methodology can be especially helpful for making progress on issues where theory is limited and there are no clear answers (Eisenhardt et al., 2016), as it is the question of the relevance, value and implications of strategic planning within the specific context of the nonprofit organization.

1.6.3. Positionality Statement

Central to all qualitative research is the notion that reality is constructed and interpreted through the subjective lenses of the study participants, creating meaning as they engage with the world around them (Creswell, 2014; Merriam & Tisdell, 2016). The researcher's personal experience, views and positionality undoubtedly affect the ways in which they perceive the research problem, the focus of their research agenda, the questions that they ask and how they understand and make sense of the research findings (Holmes, 2020). Consequently, it is important that I discuss my own background in an attempt to shed light and clarify my positionality, both in order to raise my own awareness of the inherent biases and how they affect this research process, and also as an opportunity for the reader to critically examine and make sense of the presented findings of this dissertation (Massoud, 2022; Matias & Mackey, 2016).

I identify myself as an educated mid-career professional and early-career scholar, middle-class, white female. My interest in the nonprofit sector and civil society dates from my undergraduate days, when as a student in social work and policy I started actively talking part in the work of various nonprofits, both in an attempt to build up my professional experience as I exited university education, but also as a way to explore the work of other actors that contribute to the social welfare system.

This exploratory volunteering very soon led me to my first role as a policy advisor in an international nonprofit working on youth wellbeing in Southeastern Europe, where I am from, and an opportunity to take on additional education in youth work and active learning methodologies. Being previously exposed to only traditional, classroom approaches this educational experience influenced me immensely, as it introduced me to the rich world of adult learning and nonformal education methodologies. Similar to collaborative planning approaches, non-formal, active learning focuses on the process as much as the task in place, seeing it as a tool to facilitate group interactions and build the individual and group capacity to not only acquire, but also critically examine and apply new knowledge in practice. I mention this because these experiences have inevitably guided my personal focus towards process-oriented frameworks and an interest in the exploration of whether, and how, the planning process, similar to the learning processes I had witnessed before, can act as a facilitator of individual and organizational development.

As I progressed to more senior roles in various organizations and initiatives, I had the opportunity to consult for a number of large and small nonprofits. These roles gave me firsthand experience about the challenges of nonprofit management: for example, the need to ensure projects fit the mission, but also funder demands; the struggle to keep staff as one project gets completed and new ones are meant to start but keep getting delayed; the value of volunteers, but the inconsistency and unpredictability of their contribution; the influences of the social and political landscape and how easily they could threaten the fragile balance of the nonprofit ecosystem.

Overall, despite best efforts, I found the management challenges much more complex than what my MA in Organizational Studies described. Many of the complexities of nonprofit management were also unrecognized in the grey literature that I consulted. So, in a way, I entered the PhD process carrying many experiences of the difficulties within which the sector operates, and even more questions around possible ways to remedy them.

I also entered this PhD with a strong professional background in strategic planning, having participated in the planning processes of the organizations I was part of from the position of volunteer and junior staff, but also as an executive and board member. Additionally, in the years preceding my doctoral work I had facilitated and consulted on strategic planning for over 20 organizations and institutions. These experiences introduced me to the vast potential of formal planning to bring clarity and structure in organizational action, but also the complexity and number of influences that can sidetrack strategic planning which was often left unfinished, poorly executed, or simply pushed out as other priorities take precedence. Therefore, I did approach this scientific inquiry with the feeling that strategic planning may have a lot to offer for the sector, but also very much unsure how.

A major concern in qualitative research is the insider-outsider status of the researcher in connection with the research focus, both of which are found to have different strengths and weaknesses (Holmes, 2020). As I reflect on my own positionality towards strategic planning in nonprofits, I am inclined to say that I find my familiarity with the nonprofit circumstances, culture and context advantageous. I also feel that the fact that I have experienced planning from various roles gives me a more nuanced view and a more flexible understanding of the process. Lastly, I also believe that the years I spent in this PhD program have provided some time to

distance myself from these experiences, and while I have kept the passion for the topic, I also feel that my perceptions have in many ways shifted under the influence of the scholarship I consulted and the amount of time that has passed since I was a direct participant in these processes.

In summary, my previous experiences in the nonprofit sector and in relationship to strategic planning have influenced my research in several ways.

For one, they have affected the choice of research questions - i.e., value of planning to address the specific ambiguities of nonprofit management or the focus on the planning process. I would also assume that my personal view of the complexity of nonprofit management has influenced my preference for a qualitative approach to this study, choosing an exploratory research design that allows me to review how these processes unfold within different organizations and contexts, but also how they were perceived from the positions and roles of various organizational members.

Lastly, while the research procedures (i.e. triangulation of methods and sources, cross-case comparisons, line-by-line coding and the need for each category to be present in each case to be included in the findings) offered assurance on the validity and reliability of findings, my personal biases could have affected what I saw as important and what threads I decided to pursue both during interviews as well as when discussing the implications. Yet, as Holmes (2020) notes, we are all positioned in a certain way and such prioritizations are inevitable, and therefore a component of the knowledge construction process we must learn to accept and work with.

1.6.4. Research Methods

Qualitative methods are often considered primary in the constructivist inquiry, as they allow the researcher to fully understand the perspectives of the research subjects, based on open-ended questions and minimal predetermination of the concepts and categories the research focuses on. Qualitative research is flexible and evolving, and can be used to explore and explain why and how something happens (Denzin & Lincoln, 2018), which is accommodating considering the specific questions this dissertation tends to. Within this framework, multiple methods were used to examine the research questions stated above, as well as to increase the reliability and

generalizability of findings by triangulating data from various methods and sources (Eisenhardt, 1989a, 2021; Merriam & Tisdell, 2016; Yin, 2014).

This included a survey, which mostly provided qualitative, descriptive data of studied organizations and served as a tool to recruit participants for further phases of the study. It also included a comparative case study, focused on inductive theory development, as well as basic qualitative inquiry on the strategic planning practices that are effective in turbulence and why. The study also used document analysis to review relevant archival content that can contribute to the research constructs. It triangulated data by using multiple sources, both within each studied organization, as well as a group of nonprofit strategic planning consultants that provided a less involved yet more comprehensive overview of the topics related to the third research question. While executive directors from each studied organization were the main source of information, the study also included board members, senior and middle management, and frontline staff to ensure multiple perspectives on the questions of interest and increase the reliability of findings (Creswell, 2014; Eisenhardt & Graebner, 2007; Yin, 2014).

This study primarily involved organizations that have an established strategic planning practice, and one might argue largely positive attitudes towards planning even though this question is a lot more nuanced. It is also worth noting that earlier versions of the research question and design assumed a comparative focus between organizations that plan and those that do not. However, the final research design and study questions were also influenced by the availability and access to organizations ready to take part in the study. As noted earlier, this study took place during the second year of the COVID-19 pandemic. The pandemic had immense influence over the relevance and feasibility of various nonprofit projects and services, their ability to conduct their programs, as well as their access to funding, resulting in a highly turbulent setting and a critical time for many nonprofits (Deitrick et al., 2020; Grønbjerg et al., 2021; Johnson et al., 2021). Understandably, this reduced organizational capacity and willingness to get involved in additional activities, including research, making it possible to assume that it was mostly organizations that managed to swiftly adapt during the crisis that were able to dedicate a decent amount of organizational resources to participate in this study. This was reiterated by the fact that most of the studied organizations were not only able to survive the pandemic, but rather ensure a growth of over 30% in their annual revenues, once again speaking to their capacity to successfully tackle turbulence.

These circumstances led to revisions in the research questions by moving the focus from comparisons between more and less successful planning practices, towards studying effective planning in turbulence and the outcomes of formal strategic planning processes in organizations with well-established processes that follow common normative requirements (Bryson, 2017). In this sense, the choice of organizations provided an opportunity to examine the effectiveness of common recommendations on planning process design and the actual outcomes from such design. While this might be considered a one-sided, pro-planning view, the resultant choice of organizations presented itself as an opportunity to examine best practices and effective adaptations of planning without threatening the validity of findings and analysis.

At the same time, considering the main focus of the thesis is to explore the value of strategic planning in the nonprofit space, such revisions of the research focus were consistent with the contribution this dissertation was set to make. Eventually, such an approach does not allow us to see the differences between navigating turbulence between organizations that plan and those that do not, nor the specific challenges faced by the latter. However, it is an excellent opportunity to study the questions raised by this dissertation and substantiate theoretical claims on planning design in nonprofits and effective strategizing in unstable settings.

1.6.5. Survey

A survey was used to recruit organizations for the study as well gain context on the key steps and common practices in nonprofit strategic planning (Appendix A). The study population for this research was social-service nonprofits based in Ontario, Canada.

A web-based questionnaire was distributed through two large umbrella organizations (United Way Greater Toronto and Imagine Canada) to gain greater access to potential participants, since the study was conducted a little over a year after the pandemic started, and there was a general climate of chaos and research fatigue among these organizations. In this sense, the sample was both convenience-based, but also purposeful as it directly targeted a larger group of social service nonprofits (Stockemer, 2019).

The primary role of the survey was to recruit participants that would match the theoretical logic of the case study, as well as gather descriptive data on the study participants and their

planning processes. This included information on planning steps, the use of consultants, the characteristics of the planning process such as its formality, comprehensiveness, or adaptability[6], as well how organizational leaders perceived the value of the planning process. Here it is worth noting that the survey presented quite consistent views of planning by all participants in the study. Most of the organizations that participated in the survey reported that they conduct regular strategic planning processes, with various years of experience, supported by consultants which engaged local communities and involved diverse stakeholders as part of the core planning team. Organizations also described sound practices in promoting and reporting on their strategic plan towards internal and external constituents. Among the studied organizations, there was a general positive regard for strategic planning, even though such understanding needs to be kept in perspective because the executive director completed the questionnaire, meaning that their perspective might not apply to the organization as a whole. The survey also gathered basic information on the size, age, and location of the participating organizations, as well how successful they were in navigating the initial year and a half of the pandemic.

Overall, the survey enabled me to choose organizations that aligned with the theoretical prompts of the study by choosing organizations that follow formal planning based on specific design recommendations, as well as those that successfully navigated the pandemic, apart from their social service focus and similar location.

1.6.6. Multiple, Comparative Case Study and Basic Qualitative Study

One portion of this research relied on a multiple holistic case study for inductive theory building (Eisenhardt, 1989a, 2021; Eisenhardt et al., 2016; Eisenhardt & Graebner, 2007; Yin, 2014). Yin (2014) observes that case studies are strengthened by the use of theoretical propositions to inform the study framework and what the researcher hopes to learn.

When theory-building from case studies, the relevance of sampling is theoretical, rather than statistical as it is the case with using quantitative methods (Eisenhardt & Graebner, 2007; Yin, 2014). In this sense, the cases that are being analyzed have been selected as theoretically important cases that can help shed light on the questions of interest.

[6] For more information see Amoo et al. (2021) and Hutzschenreuter & Kleindienst (2006).

Theoretical sampling is also a tool to increase validity, by using literal replication in selecting organizations that belong to the social services sector, and those that implement consultative and participatory planning processes, with varying levels of formality in the strategic management process (Creswell, 2013; Yin, 2014; Eisenhardt 2021). In this way, the research was able to focus on theoretically useful cases that either replicate or extend the theory by filling conceptual categories (Eisenhardt, 1989a; 2021; Eisenhardt & Graebner, 2007; Kouame & Langley, 2018).

The case study design included two key data collection methods, in this case semi-structured interviews (Appendix D) and document analysis, to strengthen the case study findings by triangulating evidence (Merriam & Tisdell, 2016). Semi-structured interviews were conducted with people at various organizational levels - i.e., executive director, boards, senior and middle management, and some frontline staff offering opportunity to cross-examine the study questions through multiple lenses (Eisenhardt 1989a; 2021).

Questions relating to effective planning in turbulence (Chapter 4) were examined through a basic qualitative study that primarily relied on semi-structured interviews. This portion of the research program integrated selected interview data from the case studies, enhanced by additional interviews with executive directors to account for a total of eight organizations that successfully navigated the pandemic. These findings were further cross-examined with data from interviews with strategic planning consultants. Participating organizations were recruited through the initial survey based on several criteria, including (1) implementation of formal strategic planning; (2) belonging to the social service sector; and (3) successful navigation of the pandemic as evidenced by perception of organizational leaders and increase in revenues in the two years following the pandemic [six out of eight studied organizations noted a 30% growth in revenues].

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The total number of organizations that participated in the survey was 19. Out of those organizations, six were further recruited to join the case study. Additionally, two more organizations and three nonprofit strategic planning consultants were recruited to complement the data on strategic planning in turbulence. An overview of all organizations participating in the study is presented below (see Table 1.1.).

ORG	Org. Age	No. of Employees	Annual revenues	Pandemic Growth	Experience with SP/years	Consul tative	Partici patory	SP as part of SM	Informants interviewed by type
White*	30+	100	14 mil	Yes [Major]	Over 20	Yes	Yes	Yes	ED: 1 Board member: 1 Senior manager:1 Middle Manager: 1
Yellow*	5	4	0.3 mil	Yes [Major]	Less than 1	Yes	No	No	ED: 1
Green*	50+	5	0.7 mil	Yes [Minor]	Over 20	Yes	Yes	Yes	ED: 1 Board member: 1 Senior manager:1
Blue*	40	300+	20 mil	Yes [Major]	Over 20	Yes	Yes	Yes	ED: 1 Board member: 1 Senior manager:1 Middle Manager: 1
Red*	50+	110	6 mil	Yes [Major]	Over 20	Yes	Yes	No	ED: 1 Board member: 2 Senior manager:1 Middle manager: 1
Brown*	40+	200	9 mil	Yes [Minor]	Less than 1	Yes	Yes	No	ED: 1 Senior manager:2 Middle manager: 2
Pink	20+	75	6 mil	Yes [Major]	Over 10	n/a	n/a	n/a	ED: 1
Teal	80+	300+	20 mil.	Yes [Major]	Over 20	n/a	n/a	n/a	ED: 1
Triangulation	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Strategic planning consultant: 3
Total No. of interviews:									27

Table 1.1: Overview of study participants
(Organizations marked with * participated in the case study)

The total number of interviews conducted was 27 (see Table 1.2.). This includes 22 interviews conducted for the case studies, and additional two executive director interviews and three interviews with nonprofit consultants for the basic qualitative study.

Interviews were implemented via video conferencing and were recorded to ensure data accuracy. All interviews were transcribed verbatim and shared with study participants. Interview transcripts were further analyzed using data coding software NVivo. In the first round of analysis open coding was done to identify themes relevant to the study research questions

without limiting findings to pre-existing knowledge and allow for unanticipated findings that go beyond what we are already familiar with (Edwards-Jones, 2014; Merriam & Tisdell, 2016). After analyzing several transcripts, broad second-order categories were identified that were used to guide the remaining analysis. Throughout the process codes and categories were constantly refined and reorganized to account for emerging concepts and theoretical insights. Second order categories were defined based on matching concepts in the literature to ensure greater coherence between the study findings and previous scholarship. Additionally, a concept or category was only included in the findings if it was present across all the organizations that participated in the research.

For the case studies, documents such as strategic plans, operational plans, monitoring and evaluation frameworks as well environmental analysis reports were also analyzed. Within case analysis was conducted prior to performing cross-case review. Cases were compared using tables to track differences in age, size and planning process characteristics.

No.	Code	Role
1	White01	Executive Director
2	White02	Board Member
3	White03	Senior Manager
4	White04	Middle Manager
5	Yellow01	Executive Director
6	Green01	Executive Director
7	Green02	Board Member
8	Green03	Senior Manager
9	Blue01	Executive Director
10	Blue02	Board Member
11	Blue03	Senior Manager
12	Blue04	Middle Manager
13	Red01	Executive Director
14	Red02	Board Member
15	Red03	Board Member
16	Red04	Senior Manager
17	Red05	Middle Manager
18	Brown01	Executive Director
19	Brown02	Senior Manager
20	Brown03	Senior Manager
21	Brown04	Middle Manager
22	Brown05	Middle Manager
23	ED01	Executive Director
24	ED02	Executive Director

25	C01	Nonprofit Strategic Planning Consultant
26	C02	Nonprofit Strategic Planning Consultant
27	C03	Nonprofit Strategic Planning Consultant

Table 1.2: Key informants

1.7. Structure and Contributions of the Dissertation

This dissertation follows an article-based format. The core of the dissertation is organized in three chapters, each of which is primarily related to one of the three respective research questions, even though such contributions cannot be entirely delineated.

Chapter 2 takes a theoretical route to respond to dilemmas surrounding the relevance of strategic planning in the nonprofit space. It does so by taking a bottom-up approach in reviewing the specific complexities of nonprofit management and governance that derive from sector-related attributes and contrasting them to the established roles and functions of strategic planning. The observation suggests that the three key roles of formal strategic planning, such as (1) information and integration; (2) legitimacy and commitment; and (3) direction and control (Grant, 2003; Wolf & Floyd, 2017) are not only relevant, but could be considered essential for navigating some of the difficulties related to running the nonprofit organization.

The exchange of information and coordination helps nonprofits integrate inputs from various stakeholders (Grant, 2003; Ketokivi & Castaner, 2004), and synchronize decisions otherwise dispersed through the organization (Hughes & Hodgkinson, 2019), along with better grasp in aligning their social and economic objectives (Harris, 2011; Stone et al., 1999). Legitimacy and commitment help nonprofits balance out their multiple stakeholders and provide a forum for discussing and negotiating organizational decisions in a way that helps keep these different constituents committed and willing to contribute their time and resources to the organization (Bigelow et al., 1996; Harris, 2011). Eventually, the role of direction and control enables nonprofits to ensure their programs are aligned with their organizational mission, ensures unity of efforts, reduces mission drift, and provides the means for measuring and guiding program outcomes (Gee et al., 2022; Stone et al., 1999; Stone et al., 1993).

Overall, the chapter suggests that while the relevance of planning roles might apply differently to nonprofits, formal strategic planning can play important functions in these organizations, not regardless, but rather exactly because of the specific nonprofit traits and challenges, suggesting that considerations promoting its legitimating role towards funders and the general public as the core benefit of planning potentially harms the sector as they divert attention from planning as a tool for a lot more than a simple access to funding.

Chapter 3 examines the effects of the planning process in the nonprofit organization, by focusing on first order, proximal outcomes that come as result of the act of planning rather than strategy content and the plan itself. Using a multiple case study for theory building (Eisenhardt, 1989a, 2021; Eisenhardt & Graebner, 2007; Yin, 2014), this chapter identifies four types of outcome categories, including cognitive, operational, social and emotional outcomes resulting from the planning process, all of which are found to be highly relevant to the long-term resilience and growth of these organizations and can be positioned as a link between formal planning and long-term organizational performance (Wolf & Floyd, 2017).

As process outcomes are necessarily related to the characteristics of the planning process (Meissner, 2014; Schaefer & Guenther, 2016), this chapter further relates the acquisition of said outcomes with some key characteristics of the planning process, including consultative, decentralized planning with or without a structured approach to strategy implementation. Findings offer the grounds to suggest that while most process outcomes are dependent on the consultation/participation portion of the planning process, their strength is highly moderated by the level of formality in strategy implementation.

Lastly, Chapter 4 uses the COVID-19 pandemic as a case in point to examine what kind of planning approaches worked for situations of extreme turbulence by investigating the planning practices of nonprofits that successfully navigated the crisis. Findings suggest that many of the recommendations from the for-profit literature (Andersen & Nielsen, 2009; Brown & Eisenhardt, 1997; Sirén & Kohtamäki, 2016), can be considered equally relevant in the nonprofit space, such as simplification of the planning process and documents (Grant, 2003; Boelens & de Roo, 2016), the integration of formal and emergent strategizing (Meissner, 2014; Ocasio & Joseph, 2008), action-oriented planning (Chakravarthy, 1997; Davis et al., 2007; Eisenhardt & Sull, 2001) and a culture of innovation and learning (Hughes & Hodgkinson, 2019; Sirén &

Kohtamäki, 2016). Additionally, the finings posit networking and partnership development, especially with funders and boundary partners as key for nonprofits to be able to sense, shape and seize current and future opportunities (Clarke & Fuller, 2010).

Eventually, there is also material in the interview data pointing out to issues and challenges with implementing strategic planning. Interestingly, as opposed to general accounts in the literature that such challenges are determined by size (Ferreira, 2015; Ogliastri et al., 2016; Stone et al., 1999), this study finds the level of rationalization of organizational processes as a determinant of such differences. These data suggest that key barriers to effective nonprofit strategizing include a lack of dedicated financial and human resources, lack of experience and clarity in many aspects of the planning process, as well as certain institutional factors, especially those relating to the roles of board and funders. For example, the lack of experience in conducting strategic planning led some organizations into overly participatory and robust processes that eventually took a life on their own, making it hard for organizations to contain them and effectively direct planning, which along with lack of clarity in expectations, steps, and purpose of various episodes of the process created room for misunderstanding and frustration.

The interviews also yielded interesting data on questions pertaining to nonprofit governance, such as the subordinate role of boards vs. the executive leadership when it comes to organizational strategy, along with questions pertaining to the influence of funders and other contextual contingencies, from politics to laws and regulations that can affect organizational capacity for long-term planning. The articles in this thesis focus on broader questions regarding the applicability and relevance of formal strategic planning in the sector. In this sense, while the challenges identified are important, most of them fall out of the specific focus of this thesis and will be addressed in future writing projects.

The dissertation ends with concluding remarks. These include a review of the theoretical implications of the dissertation pertaining to the strategy process literature and theories of planning with complexity. The concluding section also identifies a series of practical implications with regards to how nonprofits approach strategic planning, implications to planning in turbulent environments and suggestions for funders and other actors in the nonprofit ecosystem.

Chapter 2: Beyond Institutionalism: Strategic Planning Functions in the Voluntary Organization

Almost forty years after its initial introduction in the nonprofit space, the value of strategic remains disputed and is often reduced to its legitimizing role as a normative requirement (Bromley & Powell, 2012; Stone et al., 1999). This keeps detracting nonprofit organizations from properly engaging with strategic planning, with plans often developed to simply satisfy funder demands and little intention for future implementation, despite ample evidence about the functional benefits of formal planning in the sector (Gee et al., 2022; Laurett & Ferreira, 2018; Stone et al., 1999). A key concern underpinning these low-performing planning traditions is the question of applicability of for-profit practices in the voluntary organization, as scholars have yet to examine the relevance of management tools for the specific needs of the nonprofit organization (Hume & Leonard, 2014; Laurett & Ferreira, 2018).

This paper addresses such concerns by reviewing sector-specific vulnerabilities and needs, and by contrasting them with three crucial roles of formal strategic planning. The goal is to point out the functional benefits that formal planning brings to these organizations, not despite, but rather because of their nonprofit character. As such, the paper responds to the first research objective, demonstrating how strategic planning can help navigate the specific challenges faced by nonprofits, the roles it can play in these organizations, and the value it can offer to the sector.

2.1.Introduction

Strategic planning is a key tool for organizations to effectively align with their environment, as well as streamline and guide their internal processes to achieve desired objectives. Since its introduction in the nonprofit space (Bryson, 1988; Bryson & Roering, 1987; Nutt & Backoff, 1987), the many advocates of strategic planning believe that a structured and rationalized approach to non-profit action will contribute to greater efficiency and effectiveness in the use of common resources (Helmig et al., 2004). The use of formal planning in nonprofits has been

related to greater rates of survival, growth and access to resources (Bielefeld, 1993; Hwang & Bromley, 2015; LeRoux & Wright, 2010; Siciliano, 1997), suggesting a positive relationship between formal planning and organizational sustainability and performance (Crittenden et al., 2004; Harris et al., 2009; Laurett & Ferreira, 2018; Stone et al., 1999).

One might assume that such positive accounts would lead to almost universal prevalence of this tool amongst nonprofit organizations. However, strategic planning remains far from ubiquitous, with empirical evidence suggesting that less than 50% of nonprofits engage in formal strategizing (Bromley et al., 2015; Stone et al., 1999). In other words, despite notable benefits, strategic planning is still affected by considerable ambivalence, leading to a general disregard for its contributions and lack of proper implementation, especially in smaller and less professionalized organizations (Alexander & Weiner, 1998; Ogliastri et al., 2016).

There are several reasons for this. For one, the introduction of strategic planning in the sector has been traditionally observed through the lens of institutional theory, related to conditional demands by donors and funders to rationalize nonprofit action, or as a general condition for legitimacy in a highly professionalized and institutionalized society (DiMaggio & Powell, 1983; Hwang & Powell, 2009; Meyer & Rowan, 1977). Institutional theory has provided a valid explanation of the initial uptake of planning in the sector and raised legitimate concerns over the benefit of plans developed to serve funder demands while being essentially decoupled from the work of the organization (Bromley et al., 2012; Crittenden et al., 2004; Hwang & Bromley, 2015; Mulhare, 1999). However, positioning formal planning as a precondition to access funding has also led to the assumption that its value lies primarily in its legitimizing effect as a normative requirement.

This approach has taken away attention from the functional benefits strategic planning brings to nonprofits while also providing leverage to accept superficial strategic planning practices and plans developed for reasons of legitimacy (Bromley et al., 2012). Subsequently, the functional perspective on formal planning and the roles strategic planning can play in these organizations have received very little interest in nonprofit research (see Langley, 1988), apart from limited attempts to explore the various motivations for its uptake (Hwang & Bromley, 2015; Stone & Crittenden, 1993).

In addition, attempts to clarify the value of planning in the nonprofit domain have been made by trying to assess the relationship between nonprofit strategic planning and performance, with most studies indicating a positive relationship between the two, i.e., improved financial and social outcomes (Ogliastri et al., 2016; Siciliano, 1997), growth in funding (Crittenden et al., 2004; Hwang & Bromley, 2015; Stone, 1999), and organizational survival (Burgelman, 1988; Hwang & Bromley, 2015). However, these findings still need confirmation, as performance is a concept that is extremely difficult to measure in organizations that have both economic and social objectives.

Further, strategic planning has been considered part of a wider trend of nonprofits becoming "business-like", which has led to criticisms that nonprofit's focus on economic objectives will mean losing sight of the mission and lead to diminished services for vulnerable clients (Meyer & Simsa, 2014; Stone et al., 1999). These concerns have not been confirmed, however, primarily due to the numerous categories grouped under the "business-like" umbrella and no clear empirical findings to support such indications (Dart, 2004; Maier et al., 2016). Small and less-professionalized organizations have also been found to lack the skills and resources to properly engage with formal strategic planning (Mulhare, 1999; Ogliastri et al., 2016). Other impediments include a preference for an informal organizational culture and a general perception of "for-profit" tools as foreign objects in the voluntary organization (Sharp & Brock, 2010). As a result, we see reduced interest to engage with planning beyond the production of plans for fundraising purposes and additional concerns over the applicability of for-profit tools in the nonprofit environment.

In summary, the value of strategic planning for the nonprofit organization has not been properly recognized, due to the use of institutional theory as the sole rationale on why planning is important to nonprofits, the lack of conclusive link between planning and performance, as well as the lack of comprehensive review of the needs in the sector and the relevance of for-profit tools and practices in response to such needs.

Such assumptions have been further aggravated by the fact that a substantial portion of nonprofit scholarly efforts to date has mostly focused on developing adaptations of planning tools and approaches (Laurett & Ferreira, 2018; Stone et al., 1999), while failing to take a comprehensive look at the specific needs in the sector to determine the relevance of for-profit

practices (Hume & Leonard, 2014; Kong, 2008; Laurett & Ferreira, 2018). Strategic planning in the sector has also been explored from the perspective of differences and similarities between for-profit and non-profit entities, indicating opportunities for cross-fertilization of tools and practices across the two sectors (Gee et al., 2022). This paper adds to such efforts by conceptualizing the roles that strategic planning can play in the non-profit organization, as a starting point to encourage its greater recognition and enable future conversations on how, rather than if these organizations should plan.

In the discussion that follows, I begin by reviewing some of the specific traits of the nonprofit organization and the ways in which these traits challenge the ability of nonprofits to effectively manage circumstances in their internal and external environments. These traits and their implications are further contrasted with the functional roles of strategic planning to determine their potential in counteracting nonprofit vulnerabilities. By starting from the particulars that differ nonprofits from their for-profit counterparts, the purpose of this paper is to re-make the case for strategic planning in the voluntary organization—not despite, but rather exactly because of its nonprofit character.

2.2. Sector Specific Traits: Vast Needs and Scarce Tools

Dart (2004, p. 292) defines nonprofits as organizations that exhibit "prosocial behaviours, mutuality, voluntary labour and the production of collective goods". Most of the idiosyncratic traits of the nonprofit organization come from its specific positioning between the market and the state, and the roles that nonprofits have grown to play in society.

Nonprofits are the suppliers of certain commodities that have remained unsatisfied by governments due to lack of political interest (i.e., small, marginalized groups, or needs that have not yet gained political recognition), or markets as result of insufficient economic interest (i.e., no economic capacity of the buyer, commodities such as public goods which once supplied can be enjoyed by everyone freely, or complex personal services) (Hansmann, 1987; Hansmann, 1980; Weisbrod, 1977; Salamon & Toepler, 2015). Nonprofits are further limited by the "non-distribution constraint" (Hansmann, 1980), and therefore restricted from distributing any profits to those in control of the organization, with any surplus to be reinvested in the organizational mission (Hansmann, 1987).

As a private organization tending to public needs, nonprofits do not have access to public revenues such as taxes, while being mostly unable to charge for their services due to the specifics of their client base, placing them in a resource-dependent position to access the means needed to perform their services from third parties. The origins of nonprofits are those of the traditional charitable organization, organized around a philanthropic desire to contribute to public issues, rather than a duty or financial interest, meaning their approach is often unstructured, informal, and based on voluntary action.

To examine the precise complexity of nonprofit operations and management, this analysis is organized around four organizational traits that act as constraints of the nonprofit's ability to effectively navigate its environment and achieve organizational objectives: (1) dual bottom line; (2) multiple constituents; (3) resource dependency; and (4) informal organizational culture (Gee et al., 2022; Stone & Brush, 1996).

2.2.1. Dual Bottom Line

The existence of nonprofits is externally justified as they are incorporated to serve a public interest. However, compared with public institutions that have direct access to public revenues, nonprofits are an independent entity that needs to acquire such resources separately (Bryson et al., 2018; Moore, 2000). In other words, nonprofits need to secure economic resources as means for the attainment of social ends, often leading to tensions as conflicting priorities arise between their economic and social objectives (Frumkin & Andre-Clark, 2000).

Having a single bottom line such as revenue growth simplifies the decision-making process as it proposes clear end-goals to serve as decision criteria. In the case of nonprofits, however, decisions favouring the social mission may impede the financial stability of the organization and vice versa (Drucker, 2005). As a consequence, nonprofits tend to have more complex and slower decision-making processes. The dual bottom line can result in low operational effectiveness as the need to ensure social priorities may mean a less efficient approach to running operations, while translating funder priorities in services and programs may result in mission drift and reduced social outcomes.

Tending to economic and social goals also introduces tensions between competition and cooperation as nonprofits collaborate along mission lines, but also compete with for-profit and nonprofit entities for donors, clients, members and volunteers (Oster, 1995). The existence of a social mission is further related to problems that are complex, hard to define and usually lack a "right" solution (Rittel & Webber, 1973). They are also difficult to translate into specific targets and tangible objectives, and they make performance hard to conceptualize and measure (Crittenden et al., 2004; Paarlberg & Bielefeld, 2009),thereby accentuating issues of control and effectiveness.

The pursue of the public interest often means that these organizations serve clients that are not directly contributing to their resource base - i.e., they do not necessarily pay for the service they receive. This separation between clients and customers, the former being those that use the service while the latter those that pay for the services (Oster, 1995; Hansmann, 1980), increases the nonprofit's workload because the production of a service or a product does not automatically generate revenue that would cover the costs incurred in service delivery (Moore, 2000).

A dual bottom line therefore requires a balance between concerns for operational effectiveness and pursue of revenues on one hand, and social impact on the other. This equilibrium is extremely difficult to achieve, especially in an environment that demands continual adjustment in response to external changes in circumstances, such as the social and political contexts in which nonprofits operate (Kong, 2008; Paarlberg & Bielefeld, 2009; Stone & Brush, 1996). At the same time, shifts in the external organizational environment require not only adaptation in organizational structure and processes, but also changes in governance models and approaches to strategy (Bradshaw, 2009). Foster and Mainhard (2002) point out how cuts in government funding - a primary source of revenues for many nonprofits - may lead to adjustments in strategy, as well as funding and governance models in these organizations. In other words, changes in either the social or the financial environment will inevitably require adjustments to align social and economic objectives, often followed by changes in organizational structure, routines and strategies. Additionally, the pursue of complex and intangible social objectives brings its own set of programming and accountability challenges (Misener & Misener, 2017; Rittel & Webber, 1973), while service provision that does not automatically provide access to revenues increases the complexity of managing these organizations, including their ability to achieve operational effectiveness.

2.2.2. Multiple Stakeholders

Like public organizations, nonprofits have various stakeholders that are present in the organizational structure, each with strong claims and influence over its decision-making, including clients, members, donors, staff, volunteers, board members and the wider communities they serve (Balser & McClusky, 2005). Due to the non-distribution constraint (see Hansmann 1980; 1987), the ownership of nonprofits is not clearly defined and therefore different stakeholders are found to make both strong and legitimate claims over the direction and work of the organization (Oster, 1995). The mutual character of nonprofits, along with its ideological nature, also creates a situation where stakeholders' demands and concerns may be expressed in a highly passionate and intrusive manner (Bigelow et al., 1996), requiring additional efforts in negotiating decisions to ensure legitimacy across various groups (Wellens & Jegers, 2014).

The existence of multiple stakeholders with strong ownership over the organization also imposes multiple frames of reference the organization's effectiveness (Balser & McClusky, 2005; Crittenden et al. 2004). For example, volunteers are attracted to organizations with inspirational missions and opportunities to make significant contributions (Grønbjerg, 1991b), while donors value operational effectiveness and ability to provide mission-related results (Crittenden et al., 2004). Each stakeholder's willingness to contribute their time and resources to the organization will be determined by how the organization responds to their expectations. In other words, a set of implicit expectations is held by each group regarding various aspects of organizational behaviour, adding another layer of difficulty in managing nonprofits, who also have a strong tradition of democratic decision-making (Morrison & Salipante, 2007; Stone et al., 1999) and therefore hold further expectations on how such processes are to be organized and facilitated.

In conclusion, a multitude of stakeholders brings a variety of interests that need to be integrated in organizational decisions. These multiple frames of reference shape organizational legitimacy and determine the willingness of various stakeholders to contribute resources to the organization in terms of funds and labour. Nonprofits need to respond to these differing demands, a difficult task made more so in circumstances that require frequent adaptation and change.

Having multiple stakeholders with differing priorities, yet considerable power in decision-making, often means that management lacks full control over resources and directions and is faced with lengthy negotiation processes to come to a common understanding on organizational priorities. This decision-making culture means that additional efforts are required to ensure that information is sufficiently shared and communicated, to properly justify decisions across all groups, and to avoid misunderstandings (Sharp & Brock, 2010). This means that nonprofits have a substantial need for coordination and integration of information and decisions throughout the organization because they are faced with low control over organizational resources, and in constant need to balance the approval and legitimacy of various constituents.

2.2.3. Resource Dependency

Nonprofits are limited in their ability to earn resources and are highly dependent on various stakeholders for financial support. These stakeholders include public and corporate donors who finance nonprofit programs and services in the form of grants, contracts, and donations, and also internal organizational constituents such as volunteers, boards and members that support the organization with their labour and other contributions. As a result, nonprofits find themselves in a resource-dependent position, as people in charge of the organization rarely have full control over priorities, financial allocations, organizational programs, and actions.

As discussed earlier, nonprofits need to ensure their legitimacy and credibility with various stakeholder groups to obtain future support. However, the priorities and expectations of each stakeholder differ, and this can create slow, lengthy, and complex decision-making processes. Financially, core sources of funding typically include individual and corporate donations, government grants and contracts and fees for service, each of which differs by their predictability, the nature of tasks and the efforts required for securing them (Johnson et al., 2021).

Governmental grants and contracts can decrease organizational influence over programs and services which need to be continually adjusted to match finder priorities, often at the expense of organizational focus on its mission (Mulhare, 1999; Tucker et al., 2013). Grants and contracts also require vast resources to plan and manage due to delays and complex program and reporting requirements (Grønbjerg, 1991a), and these funds often come with strict budgetary

restrictions and lack of funding for operational expenses. This situation undermines organizational growth and a variety of administrative functions and roles, thereby diminishing the organization's ability to implement basic functions (Gregory & Howard, 2009; M. H. Hall, Barr, et al., 2005; Lohmann, 2007). Grants and contracts can often represent a large proportion of total nonprofit revenues, further increasing the individual power of such donors (Porter, 1996) and making organizations obligated to accept major adjustments in response to funder demands. On the other hand, government grants and contracts are usually more reliable and predictable once an organization enters a funding stream, which in turn reduces uncertainty and long-term access to funding (Grønbjerg, 1991b, 1991a).

Individual and corporate donations are comparatively simpler to manage, as they are usually unrestricted or tailored to match existent programs. However, they are highly unreliable and show extreme oscillations from year to year, regardless of the efforts invested by organizations in obtaining them (Grønbjerg, 1991a). Eventually fee-based revenues place nonprofits in market competition employing demands for greater professionalization and effectiveness (M. Meyer & Simsa, 2014). Different types of funding also come with different performance expectations and varying approaches concerning how the value of the nonprofit's product is measured.

To decrease dependency from each of these funding sources separately, as well to cope with the ongoing decline in private and corporate giving (M. H. Hall, de Wit, et al., 2005; Kong, 2008), nonprofits often take steps to diversify their funding base. While a sound and sensible strategy at first glance, this approach can exacerbate differences in expectations because each type of funding contains its own trade-offs, while creating additional workload to manage between different revenue types. While such diversification has been found to have "small positive effect" (Hung & Hager, 2019 p. 13) for a nonprofit's financial health, this approach can require substantial effort to secure, coordinate and successfully maintain a variety of funding sources.

The focus of management thus turns to managing these multiple funding streams which often have conflicting procedures, expectations and requirements (Froelich, 1999; Johnson et al., 2021) and this can lead to reduced operational effectiveness and complicated program and service delivery activities.

2.2.4. Informal Organizational Culture

As a sector that has emerged from the traditional charitable movements, with high reliance on civic initiatives, nonprofits are often characterized by informal organizational structure, casual processes and procedures, high reliance on volunteers instead of paid staff, and a lack of professionals who can provide both substantive and managerial services (Hwang & Powell, 2009). This absence of professionalism in volunteer-driven organizations and lack of established professional responses to complex problems and situations, can lead to diminished operational effectiveness and low accountability (Salamon & Anheier, 1998; Salamon & Toepler, 2015). The lack of opportunities to use any surplus as financial incentives due to the non-distribution constraint further contributes to these practices by making it less rewarding for nonprofits to reduce operational inefficiencies.

It is worth to note that this trait is not equally shared across the sector, where large, sophisticated organizations operate next to small, informal entities. Decision-making and management in nonprofits have become more rationalized as organizations start to employ more professional staff and develop sophisticated and effective management processes (Hwang & Powell, 2009). However, many smaller, community-based organizations are still characterized by an overlap between personal and professional roles, decision-making based on collective spirit and idealism, informal communication, and the flexible division of labour (Maier & Meyer, 2011). A social purpose further amplifies these characteristics because nonprofits often prioritize mission concerns over operational effectiveness, and in this way, contradict a general culture of resource efficiency (Drucker, 2005).

In other words, the informal organizational culture that is common in the nonprofit space can lead to a less systematic approach to operations, lack of coordination and integration of organizational actions, and low operational effectiveness. This situation is especially troublesome for a sector that chronically operates in resource scarcity while continually facing demands for increased quality by clients, customers and the broader community (Meyer & Simsa, 2014).

2.3. Strategic Planning Functions and Their Relevance to Nonprofit Needs

The introduction of strategic planning in the nonprofit sector was primarily based on the need for nonprofit activities to be more methodically planned and organized, as well as to ensure greater effectiveness in the use of nonprofit resources, and enhance accountability for the often-intangible social objectives of these organizations (Helmig et al., 2004; Horvath et al., 2018; Hwang & Bromley, 2015). However, formal planning has also been criticized as inapplicable to the more organic and value-based approach practised by organizations in the sector (Hwang & Bromley, 2015).

Outside the nonprofit literature, it is increasingly recognized that formal planning is much more than the plan itself (Innes & Booher, 2010, 2015; Wolf & Floyd, 2017). In addition to its traditional functions relating to increased operational effectiveness and performance management (Grant, 2003; Langley, 1988), the planning process can play a series of important functions including information and coordination (Grant, 2003; Wolf & Floyd, 2017) and facilitation of organizational learning and legitimacy (Grant, 1996; Hughes & Hodgkinson, 2019). Figure 2.1. summarizes the specific traits of the nonprofit sector and the implications those have over the effective management of nonprofits, contrasting them with the three key roles of formal strategic planning to emphasize their relevance to the sector. In the section that follows, I discuss three key roles of formal strategic planning that gain particular importance in the light of the nonprofit vulnerabilities identified above.

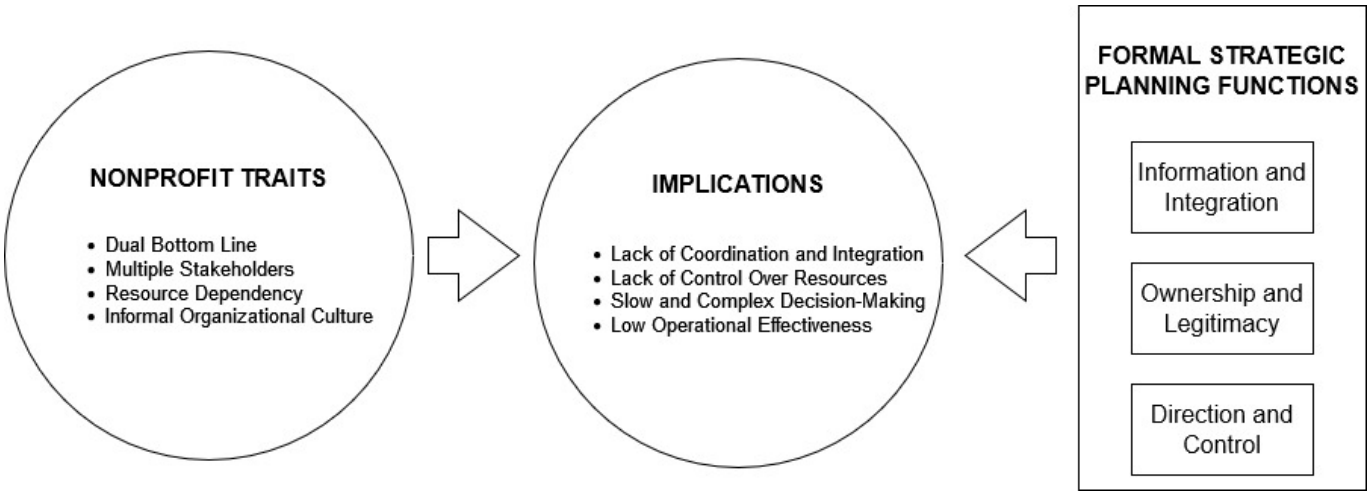


Figure 2.1. The relationship between nonprofit needs and formal strategic planning functions.

2.3.1. Information and Integration

Strategic planning provides the context for strategic decisions by enabling communication and exchange of information among various organizational stakeholders (Grant, 2003). Through the process of analysis of internal and external circumstances, formal planning enables information gathering and exchange (Healey et al., 2015; Hughes & Hodgkinson, 2019; Langley, 1988) which in turn results in organizational learning (Grant, 2003; Wolf & Floyd, 2017). By providing opportunities to access information from various stakeholders and discuss and agree on external trends and internal strengths and weaknesses, formal planning ensures common perspectives on the organization and its environment, streamlining decision-making not only concerning the strategic plan, but also as a basis for incremental adjustments of the plan as future circumstances change (Hutzschenreuter & Kleindienst, 2006; Ketokivi & Castaner, 2004). Considering the fact that many strategic decisions are often made outside the planning process (Langley, 1988; Mintzberg, 1994b), formal planning also helps the integration of decisions dispersed through the organization (Grant, 1996a, 2003)

Implications for Nonprofits

The informative and integrative role of strategic planning can be of immense importance considering the vulnerabilities that the sector faces. For one, the exchange of information and analysis happening though the planning process is crucial for improved understanding of the organizational environment, and to have more informed and attentive stakeholders. Sharing a common understanding of circumstances, and trends in the social and political context, can integrate perspectives across the organization and streamline decision-making. This is essential for nonprofits, considering the large number of stakeholders involved in their decision-making processes. Greater knowledge of the organizational environment due to diversified stakeholder inputs can further help integrate social and economic objectives and provide opportunities for reducing and managing the resource dependency of these organizations.

The role of information exchange and communication can have important benefits, especially for smaller, less developed organizations which often lack the resources to conduct full formal environmental analysis (Mara, 2000; Stone, 1989). In less formalized organizational settings, the planning process offers a more systematic approach when examining internal and external circumstances, as well as avenues for this new knowledge to be widely distributed among organizational members (Ketokivi & Castaner, 2004), thereby contributing to the development of social and intellectual capital (Wolf & Floyd, 2017; Innes & Booher, 2010). Such knowledge which is widely distributed among different organizational stakeholders further provides the background for more informed and coordinated decision-making during strategy implementation (Hughes & Hodgkinson, 2019), and can ensure that people at various levels of the organization are better equipped for incremental adjustments to existing plans.

2.3.2. Commitment and Legitimacy

Creating legitimacy among various actors, enabling team building and the development of relationships with external stakeholders are key roles that strategic planning is found to play in organizations (Wolf & Floyd, 2017; Langley, 1988). Through joint visioning, the formal planning process contributes to the creation of a common direction for efforts and an increased

feeling of devotion towards the work of the organization (Grant, 2003). Additionally, the strategic plan is also a tool to facilitate public engagement and increase the affiliation of external stakeholders (Langley, 1988). Bringing people together creates a shared sense of purpose and cohesion (Jarzabkowski & Balogun, 2009; Langley, 1988), feelings of greater appreciation for the organization (Ketokivi & Castaner, 2004) and a greater sense of belonging (Healey et al., 2015). As such the planning process contributes to a variety of "soft" outcomes which are essential antecedents to long-term organizational performance (Wooldridge et al., 2008).

Implications for Nonprofits

Institutional theory explains the adoption of strategic planning in nonprofits as result of its legitimizing function because it allows nonprofits to respond to conditional demands from external stakeholders. In this way, the mere existence of a strategic plan is considered to have a positive effect for the organization by increasing its access to resources (Stone et al., 1999; Stone & Crittenden, 1993; Bromley et al., 2012) – i.e., from corporate donors and the state. However, it is worth noting that the process of strategic planning itself can have both an integrating and legitimizing function, regardless of the existence of a formal plan.

Langley (1988) finds some of the key roles of strategic planning to include creating a consensus around critical issues, as stakeholders gain insights on the rationale behind certain decisions in the organization, which in turn legitimizes the work of the organization for those that participate in the process. In this way, formal planning becomes a tool for harnessing political agreement and responding to the demands of various parties, enabling the organization to access valuable resources in its environment, including the willingness of other stakeholders to volunteer labour and funds in support of the organization (Bryson, 2010; Harris et al., 2009; Mchatton et al., 2011). Formal planning also contributes to more informed, but also more activist stakeholders, eventually enhancing their contribution towards the achievement of the social mission of the organization.

These roles are especially relevant for nonprofits which have constituents whose approval is essential for the survival of the organization, yet can be hard to achieve because they might have quite different and often conflicting interests (Stone et al., 1999). Their involvement in determining future courses of action through the planning process can increase a sense of

ownership among various stakeholders and cultivate a renewed sense of commitment in the work of the organization (Stone et al., 1999).

Formal planning which is inclusive and participatory can bring together donors and organizational partners by providing the opportunity for new coalitions and partnerships to emerge. Eventually, formal planning tackles informal organizational culture by providing a common understanding of, and dedication to, organizational priorities. This can provide structure for an otherwise more organic approach to long-term action.

2.3.3. Direction and Control

The management literature clearly outlines the role of strategic planning as a mechanism for direction, control and coordination by setting the basis for the development of clear objectives and evaluation of organizational performance (Grant, 2003; Poister, 2010; Poister et al., 2013). Strategic planning provides direction through the identification of organizational goals and objectives (Langley, 1988). Through the development of operational plans and monitoring and evaluation frameworks, it enables functions of control to ensure the achievement of strategic objectives (LeRoux & Wright, 2010; Seasons, 2021).

Implications for Nonprofits

The initial implementation of strategic planning in the sector was a response to numerous demands for greater rationalization of organizational processes, and greater transparency and accountability in the use of resources (Helmig et al., 2004; Hwang & Powell, 2009). This role has further grown in importance with the involvement of nonprofits in the provision of contracted public services, and because of the vast resources needed to effectively manage such contracts (Grønbjerg, 1991a).

Implementing a strategic management process allows nonprofits to better address the complexities of their resource base, along with the challenges of overall organizational management, thereby enabling better rationalization and increased operational effectiveness. It is also a tool to clarify intangible social ends and provide a framework for measuring organizational performance. Strategic planning is therefore related to increased accountability

and efficiency (Hwang & Bromley, 2015; Sharp & Brock, 2012), an effective tool to manage and allocate resources (Mara, 2000; McHatton et al., 2011), and a framework to address resource dependencies.

In the nonprofit sector, strategic planning is used to clarify context, mission and mandate and to ensure decision-making is related to organizational purposes (Harris et al., 2009). This can result in improved service delivery and the capacity to effectively manage challenges that arise from its dual bottom-line obligations (Bryson, 2010; Hwang & Bromley, 2015). Strategic planning can also help structure and rationalize organizational processes and increase operational effectiveness. For informal organizations, the process of strategic planning can become a process of organizational structuring, and an essential tool for performance management, marking a move from a charismatic leadership to better established organizations (Stone et al., 1999).

2.4. Implications and Conclusions

The adoption of strategic planning for reasons of legitimacy in nonprofits has, too often, led to superficial planning practices where organizations waste critical resources to develop plans simply for the sake of "having one" (Mulhare, 1999), without much concern for the quality of the process, and little to no intention to pursue its implementation. The result is that these organizations forego the many important benefits that can be attributed to a more comprehensive, strategic planning process.

As this discussion has shown, formal planning holds a variety of important functions which only emerge as result of quality planning processes and a structured approach to plan implementation (see Table 2.1.). For example, the informative and integrative role of planning results from the interaction of various stakeholders during the planning process, suggesting that planning that is participatory and involves multiple stakeholders will improve access to information, the creation of knowledge, and the integration of current and future decision-making.

NONPROFIT TRAITS	STRATEGY ROLES		
	Information and Integration	**Commitment and Legitimacy**	**Direction and Control**
Dual Bottom Line	▪ Helps integrate social and economic priorities.	▪ Keeps focus on social mission. ▪ Keeps stakeholders engaged with social mission.	▪ Increases operational effectiveness for easier balance between social and economic objectives. ▪ Ensures mission focus. ▪ Simplifies resource management.
Multiple Stakeholders	▪ Stakeholders more informed. ▪ Stakeholders have common understanding for issues surrounding the organization, integrating various perspectives across organizational levels. ▪ Streamlined decision-making due to similarity in perceptions.	▪ Ownership and legitimacy making it more probable to contribute with time and resources. ▪ Partnership building.	▪ Common direction for efforts. ▪ Comprehensive stakeholder management.
Resource Dependency	▪ Greater awareness of social and political circumstances to help manage access to resources.	▪ Keeps resources flowing from multiple stakeholders. ▪ Ensures access to resources through legitimacy.	▪ Improves resource overview and management. ▪ Reduces dependencies with long-term planning.
Informal Organizational Culture	▪ Systematic organizational analysis, integrating various sources. ▪ Greater awareness of internal/external circumstances.	▪ Common understanding and dedication to organizational priorities.	▪ Performance management. ▪ Monitoring and evaluation. ▪ Structures and processes.

Table 2.1 Formal strategic planning functions with relevance to nonprofit needs and constraints.

The inclusion of stakeholders across all organizational levels, from funders, to partners, staff, members and even communities could improve ownership and legitimacy of the organization across these different groups, since such engagement will allow each stakeholder to better understand the rationale behind certain decisions, develop relationships and partnerships inside and out of the organization, and gain a renewed sense of commitment towards its mission (Bryson, 2003; Healey et al., 2015).

Formal planning also provides direction by creating a common vision of the future and the organizational approach in its achievement, helping to balance between social and economic objectives. Formal plan implementation, which is easily neglected in practice (Bromley et al., 2012), can bring additional value as operationalization and the development of monitoring and evaluation frameworks improve resource overview, facilitate performance management, and reduce resource dependency with long-term planning. In this way, formal planning can increase operational performance and ensure mission focus despite economic priorities and obligations.

This paper started from the notion that the lack of recognition for the functional roles that formal strategic planning plays in the nonprofit organization has led to poor planning practices, instances of policy-practice decoupling - i.e., plans that are not getting implemented - and a general underutilization of a tool that can bring important benefits to nonprofit organizations. Starting from the specifics of the nonprofit sector, this paper describes the important functions of formal strategic planning that are of particular relevance to the specific needs of the sector, some of which have already been recognized by practice as nonprofits spontaneously adapt strategic planning to address the particular challenges they face (Stone et al. 1999; Hwang and Powell, 2009).

The idea that strategic planning is even more critical for nonprofits than for their for-profit counterparts has been discussed in the literature (Kong, 2008). However, so far, there has been a lack of comprehensive analysis on how strategic planning relates to the specific demands of the sector (Laurett & Ferreira, 2018; Hume & Lenard, 2014). This paper contributes to the nonprofit management literature by turning our attention to the functional benefits of strategic planning and their relevance in the nonprofit organization.

This research uses a theoretical route to examine these questions based on existing inputs from the management literature. These ideas require further empirical validation as well an exploration of whether and how such functional roles may differ in the nonprofit organization, especially among different organizational types. The analysis also points out how certain characteristics of the planning process mediate the acquisition of these functional outcomes. Further studies could examine how other characteristics of the planning process, such as sophistication, comprehensiveness and level of formality, actually affect these and other planning functions.

Finally, the nonprofit sector is inhabited by organizations of various sizes, types and levels of professionalism that reflect a variety of organizational approaches to strategy and planning (Maier & Meyer, 2011). Smaller, community-based nonprofits experience the most challenges with the implementation of strategic planning due to a variety of reasons, and yet the challenges they face seem especially relevant to the functions identified above. In this regard, future research should engage more with the various concerns that these organizations have when attempting to implement strategic planning – i.e., the lack of available staff to dedicate to these

non-substantial roles, as well as experience and knowledge about how to integrate formal planning in their organizations.

Chapter 3: Closing the Planning-Performance Gap: Planning Process Outcomes and Their Relationship with Process Design

Despite various accounts of the practical benefits for nonprofits that plan, vs. those that do not, the relationship between strategic planning and organizational performance in the sector remains tenuous at best. This paper reviews the first-order proximal outcomes of strategic planning process in nonprofits, contributing to our understanding of the processual outcomes that relate planning to long-term outcomes such as successful strategic adaptation and performance. In doing so, the paper addresses the second research objective by examining the portfolio of immediate strategy process implications, their possible relationship with organizational performance, and their dependence on certain characteristics of the planning process such as participation, decentralization, and formality. The findings indicate that effective planning processes in nonprofits contribute to four major groups of outcomes, including cognitive, operational, social and emotional.

3.1. Introduction

After almost 70 years of research, the link between strategic planning and performance often seems tenuous and inconclusive at best. To be fair, several recent reviews of empirical research on the planning-performance relationship suggest a positive correlation between the two (Amoo et al., 2021; George et al., 2019; Wolf & Floyd, 2017), but still report the connection remains fragile. This is due to several reasons.

For one, key studies that disputed the relevance of strategic planning over organizational performance (i.e., Fredrickson & Mitchell, 1984), or reported frail dependencies at best (Pearce et al., 1987), did not account for the changed nature of strategic planning (Amoo et al., 2021; Grant, 2003; Ocasio & Joseph, 2008; Wolf & Floyd, 2017), more recently established

antecedents and outcomes of planning (Hutzschenreuter & Kleindienst, 2006; Wolf & Floyd, 2017), and the intervening role that strategy implementation takes between the two (Amoo et al., 2021; Bryson et al., 2018; Wolf & Floyd, 2017).

Additionally, there is an abundance of theoretical and empirical concepts directly pertaining to planning and performance, from the extended resource-based view and dynamic capabilities (Eisenhardt & Martin, 2000; Ketokivi & Castaner, 2004; Teece, 2014) to knowledge-based theories (Grant, 1996b, 2003; Hughes & Hodgkinson, 2019), as well the strategy-as-practice and strategy process literature. These contributions have broadened and helped make sense of the complexities of strategy-making. However, there has been a substantial overlap and challenges with integrating these contributions into a coherent framework, leading to confusion and difficulty in identifying, measuring and reiterating the value of strategic planning in the scholarly domain (Durand et al., 2017; Hutzschenreuter & Kleindienst, 2006).

Indeed, most studies examining the effectiveness of strategic planning have focused on organizational performance as a distal outcome, a concept that is difficult to measure (George et al., 2019; Wolf & Floyd, 2017) because of the ever-growing list of constructs that embody it (Amoo et al., 2021), and a variety of tangible and intangible influences that interfere - i.e., environmental contingencies, organizational characteristics, and implementation issues to name a few. Such a variety of factors has led to a lack of recognition for the benefits of strategic planning due to inability to separate some of these influences, essentially overlooking the proximal outcomes of the strategic planning process, and the value they bring to the achievement of more distal outcomes such as strategic adaptation and change (Hutzschenreuter & Kleindienst, 2006; Wolf & Floyd, 2017).

This approach has taken attention away from the characteristics of the planning process and how certain well-established design recommendations - i.e., participation, decentralization, and comprehensiveness - can result in important organizational-level outcomes that act as antecedents of long-term performance. Eventually, the conversation has focused on the question of whether to plan or not, especially in nonprofits, rather than the importance of the planning process itself and how it affects the organizational capability to adjust to change (Meissner, 2014). These contributions suggest a lack of comprehensive theory on *how* the strategic planning

process brings value to organizations, and the proximal planning process outcomes that contribute to strategic adaptation and change.

This study makes several contributions to the strategy process literature. First, by establishing the amended role and purpose of strategic planning as a starting point for assessing its effectiveness, it contributes to conversations on the planning-performance relationship through a more comprehensive identification of proximal, first-order outcomes of the strategy process. Second, using a comparative case study, it provides a more complete overview of the portfolio of planning process outcomes, as well their association to the characteristics of process design such as consultation, participation and formality. Lastly, by situating the study in the nonprofit space, it points out the important benefits that strategic planning can bring to third-sector organizations, furthering the conversation on the relevance of management tools in the nonprofit domain.

Collectively, these inputs contribute to questions on the relationship between formal planning and performance, address the lack of theoretical integration of process outcomes and organizational performance, and respond to several recent calls in the literature for greater focus on the factors and relationships that affect strategy effectiveness (Bryson et al., 2018; Durand et al., 2017).

3.2. The Changed Nature and Purpose of Formal Strategic Planning

Strategic planning in practice today highly differs from the synoptic and rational approaches developed in the 60's (Grant, 2003). Initially, formal strategic planning was criticized for its rigidity and the inability of plans to provide a reliable blueprint for action as organizational circumstances rapidly changed (Mintzberg, 1994b). Plans were found to be too bureaucratic and stifle innovation, while major decisions were still considered to come up outside of the planning process (Mintzberg, 1994; Mason, 2007). The solution was to promote a more incremental and organic approach to planning under the "learning school", where decisions emerged as the organization interacts and learns from its environment, substituting planning with strategy

formation: i.e., what is implemented as a result of the interaction between what was planned and what came to happen (Mintzberg, 1994).

At the same time, increasing recognition of complexity and dynamism in organizational environments raised further concerns on the capability of formal planning to predict and respond to questions of hyper-competition and unpredictable change (Chakravarthy, 1997; D'Aveni et al., 2010). Complexity theory, and complex adaptive systems specifically offer the most nuanced view of turbulence, assuming an environment in which a great number of interdependent agents interact with one another in great many ways as they self-organize and evolve through a process of continuous, dynamic change (Allmendinger, 2009). Complex adaptive systems introduce unpredictability as a key characteristic of the environment resulting from system components being both interconnected and yet autonomous in their behaviour, so the ways they change, adapt and evolve via a network of feedback loops cannot be foreseen (Anderson, 1999; Rauws, 2017). Traditional planning approaches have been criticized for failing to understand how the environment operates (Stacey, 1995; Chakravarty, 1997; Paarlberg & Bielefeld, 2009; Galzaskievich & Bielefeld, 1998), leading to further questions about the effectiveness of strategic planning.

In practice, however, formal planning has adapted to these challenges. Formal planning processes are characterized by greater informality, reduced focus on planning documents, and evolution to a more flexible and ad hoc process where formal planning is coupled with incremental strategy adaptations (Grant, 2003; Ocasio & Joseph, 2008). This seems to have happened despite its apparent shortcomings in turbulent decision-making environments (Andersen, 2004; Grant, 2003; Hart, 1992). Grant (2003) labelled this approach "planned emergence" - i.e., integrative strategic planning practice that includes both top-bottom formal plans coupled with emerging, decentralized bottom-up adjustments.

Following the planning school-learning school debate, several studies have also examined whether formal or emergent planning is better suited for conditions of turbulence. While an integrative approach that combines both modes has been deemed superior (Andersen & Nilsen, 2009; Brews & Purohit, 2009; Hughes et al., 2019; Joseph & Ocasio, 2008), when applied individually, formal planning was still found to have greater effect over organizational performance (Andersen & Nielsen, 2009; Brews & Purohit, 2009). In other words, despite the

reduced effectiveness of formal plans in changing circumstances, we can assume that the process of formal planning itself has brought value through elements such as systematic environmental analysis (Meisner, 2014; Siren & Kohtamaki, 2016; George et al., 2019), shared intention and common direction for effort (Grant, 2003; Langley, 1988), and as a basis for control and performance management (Grant, 2003; LeRoux & Wright, 2010).

Apart from clarifying the evolved nature of the strategic planning process, these studies have also noted the changed purpose of strategic planning: from a deliberate process aimed at devising an executable plan of action, to a tool that provides a framework of desirable objectives and continuously helps integrate, coordinate and communicate knowledge and information across the organization (Wolf & Floyd, 2016; Siren & Kohtamaki, 2016; Hutzschenreuter & Kleindienst, 2006). However, such a changed definition of what planning is - i.e., an integrative, coordinative tool to create resources for strategy implementation rather than an implementation plan *per se* - has not been properly reflected in studies of its effectiveness, creating a discrepancy between what we measure and what actually takes place in practice.

3.3. Strategic Planning Processes and the Neglect for Immediate Outcomes

Strategic planning effectiveness has traditionally been reviewed through the lens of organizational performance, with little regard for the variety of influences that may mediate this relationship such as the characteristics of the planning process (Hutzschenreuter & Kleindienst, 2006; Meissner, 2014), and the traits and circumstances in the organization and its environment (Amoo et al., 2021; George et al., 2019). Prior studies have tended to overlook considerations of implementation, often leading to mixed results on the effectiveness of planning without concern about whether organizations attempted to implement such plans or how such implementation was conducted (Amoo et al., 2019; Lee, 2017). The focus on performance as a determinant of the value of strategic planning has also led to a lack of recognition for a multitude of more proximal outcomes from the strategic planning process, such as decision quality, planning effectiveness, integration, coordination and a shared understanding of strategy (Hutzschenreuter & Kleindienst, 2006; Schaefer and Guenther, 2016; Wolf & Floyd, 2017).

Proximal outcomes are the processual mechanisms that show how planning affects performance by identifying relevant first-order effects from the planning process that later

contribute to more distal outcomes such as organizational performance and strategic adaptation (Wolf & Floyd, 2017). For example, Schaefer and Guenther (2016) identify strategically aligned behaviour, strategic planning effectiveness, and strategy implementation success as relevant proximal outcomes from the planning process. Meisner (2014) identifies proximal outcomes such as organizational learning and decision quality in relationship to multiple alternative generation and information integration during planning. Organizational learning is another proximal outcome related to planning (Grant, 2003; Sirén & Kohtamäki, 2016), as well the production of agreements, innovation, and the development of social, political and intellectual capital (Innes & Booher, 2010).

However, the full range of these outcomes has not been comprehensively identified, as well as their relevance for the integrative and coordinative role of planning in support to long-term performance. At the same time, prior research has clearly related the characteristics of the planning process - i.e., participation, decentralization and comprehensiveness to the acquisition of certain proximal outcomes such as decision quality or knowledge management (Andersen, 2004; Bryson, 2003; Grant, 2003; Hart, 1992; Healey et al., 2015; Hutzschenreuter & Kleindienst, 2006; Innes, 2010; Innes & Booher, 2015). This further emphasizes the importance of the design of the strategic planning process, rather than plan content, as the determinant of the effectiveness of planning (Meissner, 2014; Wolf & Floyd, 2017).

This research identifies the extent of proximal outcomes of formal strategic planning in nonprofit organizations while accounting for several key characteristics of the planning process, to clarify the contributions of the strategy process towards its recently established purpose of facilitating strategy implementation and its relevance for long-term performance.

3.4. Theoretical Propositions: Planning Process Characteristics

To identify the proximal outcomes of the strategic planning process, it is necessary to start from its characteristics as they will inevitably determine what the planning process itself can result in (Healey et al., 2015; Meissner, 2014). Prior research recognizes several characteristics of the planning process with substantial influence over the outcomes of strategic planning. Among others, these include the level of formality of the planning process (Amoo et al., 2021; Hutzschenreuter & Kleindienst, 2006; Kürschner & Günther, 2012); its comprehensiveness

(Thomas & Ambrosini, 2015); sophistication (Amoo, 2021); and participation (Schaefer & Guenther, 2016).

The setting of this research is nonprofit organizations where strategic planning is implemented with a specific set of recommendations and practices. Building on common recommendations in the literature (Bryson & Roering, 1987; Bryson, 2017; Bryson et al., 2012) this research explores planning process outcomes based on three key characteristics: consultation, decentralization and formality.

The mandate, mission, activities of the typical nonprofit are dictated, to a large extent, by the non-distribution constraint (see Hansmann, 1987; Steinberg, 2006). As a result, nonprofits lack a clear ownership structure and have a large number of stakeholder groups with interest and power in the decision-making process, making participatory planning a key feature of nonprofit processes (Crittenden et al., 2004; Stone, 1999; Stone & Crittenden, 1993). Participation in the planning process can have two major dimensions: the extent and scope of involvement or who participates in the process as well the degree of influence, or how decentralized decision-making is (Wolf & Floyd, 2017). For the purpose of this research, we will differ between the scope (Kürschner & Günther, 2012; Sirén & Kohtamäki, 2016), or the variety of stakeholders involved in the strategic planning process referring to this as consultation and stakeholder engagement. The second dimension of participation to be examined concerns the quality and decentralization of the process, as evidenced by the intensity of participant involvement and how decision-making power is distributed among participants (Wolf & Floyd, 2017).

3.4.1. Consultation and Stakeholder Engagement

Consultative planning has been at the forefront of effective planning processes for both private and public organizations for many years (Andersen & Nielsen, 2009; Bryson, 2003; Hutzschenreuter & Kleindienst, 2006; Jarzabkowski & Balogun, 2009; Meissner, 2014). If the purpose of planning is information exchange, the integration of knowledge, and coordination of decision-making dispersed throughout the organization, then it follows that the involvement of internal and external stakeholders is essential for an effective planning process. Several studies relate the involvement of senior and middle managers with decision quality (Schaefer & Guenther, 2016; Wooldridge & Floyd, 1990), coordination of dispersed decision-making (Grant,

2003, Andersen & Nielsen, 2009) or implementation effectiveness (Kurschner & Guenther, 2012). Siren & Kohtamaki (2016) find that wide participation can enable organizational learning and help disseminate and integrate existing knowledge. Broad participation in a consensus-building process also ensures political support and legitimacy in the eyes of various stakeholders (Stone et al., 1999; Crittenden et al., 2004; Innes & Booher, 2010), suggesting consultative planning processes will contribute to effective planning processes.

3.4.2. Decentralization of Decision-Making Power

Prior research points out the benefits of having a planning team which involves people from various levels of the organization (see Kurschner & Guenther, 2012). In for-profits, diversification usually refers to the integration of various management levels. However, in the nonprofit space, diversification could also include other stakeholder groups – i.e., staff, management, board members and possibly external partners and important stakeholders (Bryson, 2003; Bryson & Bromiley, 1993; Crittenden et al., 2004; Harris et al., 2009). While diversification is found to contribute to the effectiveness of strategic planning, most studies emphasize the quality of involvement to generate positive outcomes, such as enabling dialogue and negotiation to facilitate exchange of information and mutual learning (Jarzabkowski & Balogun, 2009; Innes & Booher, 2010).

3.4.3. Formality of the Planning Process

Strategic planning in the nonprofit sector has typically been implemented to ensure a more systematic and efficient approach to nonprofit activities, along with greater transparency accountability (Helmig et al., 2004; Moore, 2000). In this sense, nonprofits have been encouraged to use formal, rational planning to clarify their intangible, social objectives. It is also promoted as a tool to operationalize and monitor action in organizations with traditionally more organic and informal organizational processes (Hwang & Powell, 2009), thereby making formality an important component of planning recommendations across the sector.

Formality of the planning process refers to the existence of a structured and comprehensive approach to strategic planning, including steps such as internal and external analysis, alternative

generation and selection, and strategy operationalization (Schaefer & Guenther, 2016; Amoo et al., 2021). The literature suggests that greater formality in the planning process will bring positive results towards organizational effectiveness (Andersen & Nielsen, 2009; LeRoux & Wright, 2010; Thomas & Ambrosini, 2015). While often considered part of strategy implementation, formality of planning also applies to the systematic operationalization of strategies into programs and activities followed by the development of monitoring and evaluation frameworks, which is an essential aspect of how planning contributes to efficiency and control.

However, since nonprofits have often developed plans for reasons of legitimacy in the eyes of donors and the general public (Stone et al., 1999), nonprofits may not intend to formally implement their plans once they have achieved their fundraising purpose (Bromley et al., 2012; Hwang & Bromley, 2015). Instead, they might take a more organic approach to the implementation of plans once developed (Harris et al., 2009). To account for these differences, this research examines how implementation formality, or whether organizations take systematic steps to operationalize and measure strategy implementation affects the outcomes of the strategy process.

3.5. Research Methods

The research questions addressed in this study are: (1) What are the immediate [proximal] outcomes of consultative and decentralized planning processes in nonprofit organizations? (2) How does the level of formality of the planning process influence the acquisition of these proximal outcomes? and (3) What is the value of these proximal outcomes for long-term organizational performance?

Since there is limited theory on proximal outcomes of formal strategic planning processes in nonprofits, I rely on a multiple holistic case study for inductive theory building (Eisenhardt, 1989a, 2021; Eisenhardt et al., 2016; Eisenhardt & Graebner, 2007; Yin, 2014). Case study is a research design that allows us to integrate a variety of data and sources, and an effective way to examine contemporary phenomena in their real-life context (Yin, 2014). The use of multiple cases allows for more robust and generalizable data (Eisenhardt 1989; 2021). Additionally, the case study uses literal replication to ensure findings are comparable across cases and accounts

for similarity in antecedents by choosing a single sector to reduce the influence of other factors over planning outcomes (Yin, 2014; Eisenhardt, 1989; 2021).

Building on the existing literature and indications of the positive relationship between consultative, decentralized planning and various proximal outcomes (Hutzschenreuter & Kleindienst, 2006; Sirén & Kohtamäki, 2016), the study focuses on nonprofits that rely on community engagement and diversified decision-making in their planning processes. Based on accounts that nonprofits often take a less formal approach to strategy implementation and monitoring (Hwang & Bromley, 2015; Sharp & Brock, 2010; Stone, 1999), the key variance in the cases is the level of formality or whether the strategic planning process included steps for operationalization of strategic priorities and monitoring and evaluation frameworks. This research strategy allowed me to see how less formal approaches to strategy implementation can affect the variety of outcomes of the planning process.

The setting of the study are social service nonprofits in the Greater Toronto Area in the aftermath of the COVID-19 pandemic. The social services sector is one of the largest subsectors in the nonprofit space, and it was chosen as a highly representative subgroup because social services overlap with a variety of other nonprofit sectors and program areas (Hall et al., 2005). Case study participants were recruited through a survey on strategic planning practices to ensure cases were relevant to the theoretical propositions of the study (See Figure 1).

The selected organizations differed in size; this allowed me to explore whether planning process outcomes and the emergent constructs and relationships differ based on static organizational characteristics, especially since strategic planning has been found to be less effective for smaller nonprofits (Alexander & Weiner, 1998; Mulhare, 1999; Ogliastri et al., 2016). Within each case, I examined the strategic planning process with specific focus on the steps taken, the key process characteristics including consultation, participation and quality of engagement as well as whether or not the organization took formal steps for plan implementation, or plans were enacted in a more organic manner. I further explored the variety of individual and organizational level benefits that participants identified as result of their involvement in planning and their perceptions on the value of said outcomes for the future work of the organization. This allowed me to place these individual benefits into organizational level outcomes and context.

3.5.1. Research Context

The focus of this study is social-service nonprofits located in the Greater Toronto Area in Ontario, Canada. Social service nonprofits represent about 12% of the 58,000 nonprofits registered in Ontario. This number includes approximately 3,300 charities and a similar number of other registered nonprofits[7]. The research further focused on community-oriented nonprofits, or those serving a specific local community or a group within a local community, even though all of the participating organizations additionally had an advocacy component that extended beyond local service provision to raise issues of interest at provincial or national level.

The organizations involved in the study varied in age and size. The youngest organization had only been operating for 5 years, while the rest ranged between 20 and 80 years of active operation. Most of the organizations can be qualified as medium to large, having between 100 and 300 employees, even though two of the organizations operated with 4-5 full time employees. Another important indicator of size was organizational revenues. The selection of cases for this study included both small, medium and large nonprofits, with two organizations with annual budgets below CAN$1 million, three organizations with annual revenues CAN$5 – 10 million, and two with annual budgets of over CAN$10 million. Most of the organizations in the study had a substantial experience with strategic planning with 4 out of 6 organizations having 20+ years of experience in conducting the process. For the other two organizations, this was the first comprehensive strategic planning process.

In summary, while all organizations involved in the study operate in the social service industry, are community-based and share a similar location, the organizations also differ in age, size and experience in strategic planning providing an opportunity to examine how static organizational characteristics may influence the effectiveness of the planning process. Four of the six organizations operate as community centres, providing various social services to different groups such as youth, families, seniors, immigrants, etc. Services are based on community needs and often include access to health, housing, employment, settlement services, and quality of life

[7] https://www.charitydata.ca/

supports generally. Two organizations provide a single social service to a specific group, and tend to deliver their services beyond the local community in which they operate

Organization processes wise, three nonprofits are fairly professionalized and rationalized nonprofits, with well-defined organizational structure and processes, clear operating and decision-making procedures and using mostly professional staff for their substantive services. In these organizations, strategic planning was a central concept that determined and encapsulated all other organizational processes and procedures. The strategic plan in these organizations was used as an all-encompassing framework that was further translated into organizational and individual operating plans, and regularly updated through formal monitoring and evaluation. In these three organizations, strategic planning was embedded in a well-structured process of strategic management where plans were regularly monitored and updated, and served as a tool to manage individual and organizational performance.

The other three organizations had a less formal organizational structure, more informal ways of organizing and communicating and a very relaxed approach to strategy. While plans were developed through a formal process, plan implementation, monitoring and evaluation remained organic. Here, organizational roles were not always clearly defined, decision-making and authority were more fluid, and the organizations lacked clearly established procedures and routines. Compared with the first three organizations, the implementation of strategy was not intentional. Instead, strategic planning was used as reflection board when making organizational decisions. In other words, strategic planning was conducted, but not integrated in a wider process of strategic management to facilitate implementation and control.

Table 3.1. below provides additional details on the six organizations that participated in the comparative case study.

ORG	Org. Type	No. of Employees	Annual revenues	Pandemic Growth	Experience with SP/years	Consultative	Participatory	SP as part of SM	Informants interviewed by type
White	Charity	110	14 mil	Yes (Major)	Over 20	Yes	Yes	Yes	ED: 1 Board member: 1 Senior manager:1 Employee: 2
Yellow	Nonprofit	4	0.3 mil	Yes (Major)	Less than 1	Yes	No	No	ED: 1
Green	Charity	5	0.7 mil	Yes (Minor)	Over 20	Yes	Yes	Yes	ED: 1 Board member: 1 Senior manager:1
Blue	Charity	300+	20 mil	Yes (Major)	Over 20	Yes	Yes	Yes	ED: 1 Board member: 1 Senior manager:1 Employee: 1
Red	Charity	110	6 mil	Yes (Major)	Over 20	Yes	Yes	No	ED: 1 Board member: 2 Senior manager:1 Middle manager: 1
Brown	Charity	200	9 mil	Yes (Minor)	Less than 1	Yes	No	No	ED: 1 Senior manager:2 Middle manager: 2
Total No. of interviews:									23

Table 3.1: Case study participants

3.5.2. Data Collection

The case study drew on several sources to enable more robust data and opportunities for triangulation, including descriptive survey data, semi-structured interviews, and archival materials. Descriptive survey data were used to provide a more holistic understanding of the steps and characteristics of the planning process, and to reveal any differences between organizations and their grasp of these concepts. Semi-structured interviews were conducted with representatives from various organizational levels for a more comprehensive view, and to triangulate and contrast impressions within each case.

During interviews, study participants were asked open-ended questions to describe the planning process, the quality of participation, and any individual and organization-wide benefits achieved as result of planning. Interviews were conducted and recorded online using video conferencing software and written up in naturalized verbatim by the researcher. Archival

materials were collected from several participating organizations such as strategic plans, planning reports, environmental scans, as well as operational plans and monitoring frameworks. These documents were consulted to gain a more comprehensive understanding of the whole planning process.

3.5.3. Data Analysis

Following Eisenhardt's (1989a; 2021) and Yin's (2014) comparative multiple case study approach, two levels of analysis were conducted – within case and across case. The data analysis was conducted using an inductive and comparative method of category construction without prior hypothesis using NVivo. Interview transcripts from two separate cases were independently coded using an open coding approach. Open codes were further reviewed, refined, and organized into constructs and categories. The resulting categories were then used as a coding scheme for the rest of the cases as key outcomes of the strategic planning process. Throughout the analysis, codes and code descriptions were continually revised and refined to achieve a fit between the cases and the emerging theory. For each case, an individual writeup was done to integrate the data from various sources, before moving to the cross-case analysis.

Cross-case analysis was done using a qualitative data analysis software to probe for various theoretical relationships and refine the emerging theory. Special attention was paid to recognized differences between cases through pairings based on organizational size, revenues, organizational age and years of experience in conducting strategic planning (Eisenhardt & Graebner, 2007).

3.6. Findings and Discussion

3.6.1. Strategic planning approach

All studied organizations had a regular planning cycle of three years and all of them used consultants when devising their strategic plan. They also followed a conventional strategic planning process, starting with some form of analysis of organizational strengths and weaknesses as well as trends in the environment, followed by development of strategic

objectives, including mission, vision, and goals, and ending with generation and selection of alternatives.

The environmental analysis usually consisted of several components. For some organizations, previously gathered monitoring and evaluation data were used as a starting point for this process, but new information was gathered as well. In all cases, organizations implemented highly intensive community engagement processes, even though most of them recognized that such a high level of consultation was motivated by the pandemic and the need to better understand how it had affected the clients and communities they serve. These processes took from one to several months and included key organizational beneficiaries, but also the wider community where the organization is located, their funders and state and community partners.

The purpose of the consultations was more around gathering information about the needs and perspectives of these groups rather than their active involvement in making decisions around the plan itself, and they were mostly conducted as surveys and group and individual interviews. For all organizations, this phase culminated in a workshop-style session where findings from the analysis would be shared and confirmed with the participants in the planning process.

Once the environmental analysis was completed, organizations would develop their strategic objectives, as well as indicators for those who followed a more comprehensive approach to strategic management. Different organizations approached these steps differently, with some relying on consultants to propose objectives and strategies for discussion and validation, while other attempted to define them with their planning team. Once the objectives were determined, most organizations took steps to report these back to the communities they consulted, using this opportunity for gaining legitimacy and promotion of their work to come.

Eventually, for those organizations that followed planning with steps for strategy implementation, the process ended with the development of operational plans and programs, including detailed plan and performance indicators to set up a system for a more comprehensive monitoring and evaluation of the plan.

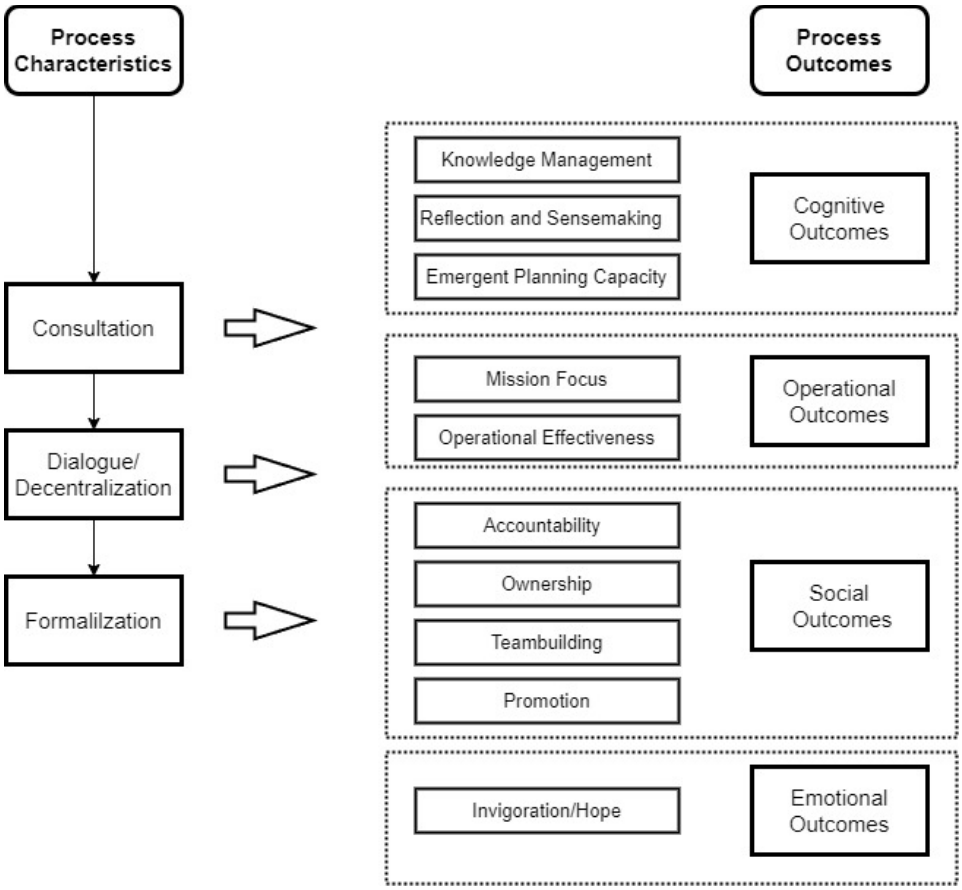


Figure 3.1. First-order codes and second-order categories, case study

The analysis identified four major groups of proximal outcomes of the planning process. Figure 3.1. provides an overview of the first-order categories and their integration into four types of proximal outcomes resulting from the strategic planning process: (1) Cognitive outcomes; (2) Operational outcomes; (3) Social outcomes and (4) Emotional outcomes, each of which entails several subcategories. It is interesting to see that while all of these outcomes were present across most organizations in the study, their intensity substantially differed between organizations that did and did not formally operationalize their strategic plans. See table 3.2. below for more details on how high or low formalization of the planning process moderates each group of proximal outcomes.

ORG.	Consul-tation	Decentrali-zation	Forma-lization	COGNITIVE OUTCOMES			OPERATIONAL OUTCOMES		SOCIAL OUTCOMES				EMOTIONAL OUTCOMES
				Knowledge management	Reflection and sensemaking	Emergent planning capacity	Mission Focus	Operational Effectiveness	Accountability	Ownership	Team building	Promotion	Invigoration/ Hope
White	High	Medium	High	High	High	High	High	Medium	High	High	Medium	High	Medium
Blue	High	Medium	High	High	Medium	High	Medium	Medium	Medium	Medium	Medium	High	Medium
Green	Medium	Medium	High	Medium	High	Medium	Low	Medium	Medium	Low	High	Medium	High
Red	High	Medium	Low	High	Low	Medium	Low	High	Low	Low	Low	High	Low
Brown	High	Medium	Low	Medium	Low	Low	High	High	Low	Medium	Low	Medium	Low
Yellow	Medium	Low	Low	Medium	High	Low	Medium	Medium	Low	Low	Low	Medium	Low

Table 3.2. Overview of proximal outcomes of the strategic planning process

3.6.2. Cognitive Outcomes

Cognitive outcomes are individual and organizational level benefits that result from the gathering and exchange of information and the organizational learning and sense-making that comes as result (Ketokivi & Castaner, 2004). The cognitive outcomes that were identified in this research pointed to the role that strategic planning plays in organizational learning, including exchange of information, reflection and sense-making, and the development of individual and organizational capabilities for future emergent strategizing. Organizations used the strategic planning process as an opportunity to gather information on their environment, conduct a more comprehensive and holistic organizational analysis, make sense of issues, and come up with ideas and solutions that could serve future decision-making as circumstances change.

Cognitive outcomes were the most prominent groups of outcomes observed. These were present across all organizations included in the study, regardless of the level of formality of their planning processes. However, cognitive outcomes were more pronounced in those organizations that followed a more formal approach to strategy implementation and control. Similar to previous studies, the intensity of cognitive outcomes was found to directly benefit from the comprehensiveness and sophistication of analysis during the planning process (Healey et al., 2015; Hughes & Hodgkinson, 2019; Meissner, 2014; Schaefer & Guenther, 2016). The analysis identified three categories of outcomes including knowledge management, reflection and sense-making, and emergent planning capacity.

Knowledge Management

Knowledge management outcomes were mostly reported in relationship to the internal and external organizational audit, and were highly dependent on the quality and scope of consultation with stakeholders (Meissner, 2014). Information was gathered from three different sources including *organizational members*, such as staff, management, and board; *external stakeholders*, such as clients, funders and partners; and from the consultants engaged to facilitate the process – experts who contributed their own experience and knowledge of social and political trends in the sector. Several organizational leaders highlighted the value of the inputs of planning consultants, as represented in the quote below:

> *I think the sharing of information was outstanding. They [planning consultants] gave us a really strong third-party view of what's going on in our environment, in terms of legislation and things that are coming down the pipes, so that was very helpful.*

The planning process also brought new learning about the internal environment, such as the organizational capacity and resilience, or simply feedback regarding the relevance and effectiveness of some of the services and programs. For example, a senior manager in one of the organizations emphasized the importance of some of the feedback received through planning, for adjusting their services:

> *We felt like we actually did well, but we heard from every cohort of people, that this is not the case. Our clients felt like there was a secret handshake they needed to figure out in order to access one-on-one care, which is horrible, because we're actually here to help people navigate complicated systems, and we ourselves have set up a complicated system instead.*

The intensity of learning seemed to depend on the quality of information, and on the time and resources dedicated to this analysis. Similar to Jarzabkowski & Balogun (2009), several interviewees pointed out the opportunity to discuss and extensively engage in analysis of issues, to have major influence over how much participants learned during the planning process. On the other hand, intensive, quality participation inevitably requires substantial time and involvement, and organizations had to balance the benefits of this process with the availability of such

resources. Or as one board member aptly noted: "*I'm saying I think we could have learned even more, but it would have required more engagement."*

Reflection and Sense-making

Apart from gathering or contributing actual information about the organization, the analysis and interaction that happened through the strategic planning process led to improved clarity in participant perception of the organization, a more holistic and integrated view of its operations, and an improved understanding of how different organizational components fit together. For more professionalized organizations, this analysis complemented data gathered as part of program evaluations as well as client and staff satisfaction surveys, but as several participants noted, offered a rare opportunity for a holistic and integrated view of the full organizational environment as opposed to compartmentalized view of issues:

> *So when you're going through your day, and you're focused on HR today, or grant writing the next, or program planning the day after, it just feels very disjointed. But when you're doing a strategic plan, you pull it all together. And I love that, because we talk about all those things at the same time, and we can see how all of them come together.*

While participants noted that most of these data were gathered year-round, the understanding of such data was usually fragmented and did not provide a comprehensive understanding of how that data applies to the organization as a whole. Interviewees viewed strategic planning as a rare opportunity to look at the organization in the light of new information, to see how actions fit together, reflect on emerging issues and realize when something is not working. This opportunity to consider various aspects of the work of the organization also brought room for innovation, sorting out organizational priorities and gathering a variety of ideas that have been circled around, to make a proper assessment and organize them in a coherent way. As the executive director of one organization noted:

> *It was great getting it out of our head and onto paper. And it was good, because we were able to download all the thoughts that we've been bouncing around. And once they're out and down on a sticky note, then we see where they fit. And then we were able to look at them and say: this one fits our mission and this one is sort of out of scope.*

Intrapreneurship and Emergent Planning Capacity

A key set of cognitive outcomes that came as result of the planning process was the development of emergent planning capacity. Previous studies have suggested that formal planning enhances the capacity for emergent strategizing (Andersen & Nielsen, 2009; Brews & Hunt, 1999; Brews & Purohit, 2007). However, the relationship between the two has not been properly clarified.

Along these lines, Andersen and Nielsen (2009) have suggested that the value of formal planning for turbulent environments is not in the creation of capacity for adaptive thinking and generation of new ideas, but rather in its integrative and coordinative functions. This study differs from these suggestions to find that the formal planning process resulted in internal capacity for organic strategizing by reflecting on the analysis, background, rationale, and nuances behind some of the strategic decisions that were taken. This perspective is reflected in a comment by a board member, emphasizing the value of the process for keeping the spirit behind the decisions that were made:

> *So I think being a part of the process does help in terms of ensuring that the spirit behind certain strategic priorities is still mentioned during board conversations. And this is important since a lot of the times there is a lot more nuance that just doesn't make it into the final external-facing document.*

As circumstances changed, decisions that were dismissed during the formal planning process could be reintroduced when opportunities arise. Study participants also found themselves better equipped for managing change by understanding the nuances and rationale behind some of the strategic decisions, as well as their importance for reaching organizational objectives. Overall, we can see that the planning process contributed to the development of an intrapreneurial capacity that is essential for organizations that function in turbulent environments. While Hughes & Hutchinson (2019) report that effective knowledge management in organizations is the pre-conditions for successful strategic planning as a dynamic capability, this study suggests that the planning process itself can be an opportunity for knowledge management and enable innovative capability development.

Despite earlier indications that formal planning does not create future adaptive capacity (Andersen & Nielsen, 2009), this study found significant influence of the formal planning process over the emergent planning capabilities of organizations. Knowledge management is a core avenue for the development of dynamic capabilities (Hughes & Hodgkinson, 2019), and this study further reiterates the value of strategic planning as a contributor to the organizational ability to effectively reorganize resources in the face of change, and as such an important antecedent to organizational performance. While this notion was present among executive directors and board members, it was very interesting to hear a similar perspective by junior staff member as well:

> *I guess having it all together in one process was effective, like I know it. Because the "be all and end all" isn't the strategic plan, per se. There's a lot of information that we've gathered throughout, even if it didn't make it to the strategic plan, it's still something that we can come back to. It is just a ton of information to have at the back of your head.*

What these findings also imply, however, is that to benefit from this potential for emergent strategizing past the planning process, it is necessary to have structures in place for decentralized decision-making, which will allow people across the organization to put these capacities to use as circumstances change (Barreto, 2010; Eisenhardt & Martin, 2000; Regnér, 2008).

3.6.3. Operational outcomes

Operational outcomes speak to a greater effectiveness and efficiency of organizational action, which in nonprofits is usually measured through increased mission attainment and more efficient use of resources (Crittenden et al., 2004). Increased operational effectiveness allows nonprofits to use organizational resources more efficiently and improve relevant outputs while sustaining similar input levels, which is of immense importance considering the resource-dependent character of the sector.

Studied organizations used strategic planning to take a deep dive into organizational processes, structures, and routines to identify and address issues of concern. What is even more interesting is that this is the only group of outcomes that was more pronounced in organizations that do not take deliberate steps to implement the organizational strategy, possibly suggesting

that lack of formality in implementation means fewer opportunities to identify and address inefficient organizational practices. There were two categories of outcomes from the strategic planning process relating to this theme, including (1) increased mission focus and impact and (2) operational effectiveness, exemplified through review and improvement of organizational processes.

Mission Focus

Mission-related impact has been discussed in the literature (Crittenden et al., 2004; Stone et al., 1999), and this study confirms the relationship between the strategic planning process and mission attainment, from opportunities to review programs and services in the light of their broader organizational mandate to steps to address funder dependency. For nonprofits, the existence of a dual bottom line can often sidetrack mission efforts as programs and services are adjusted to meet funding demands (Mulhare, 1999; Tucker et al., 2013). Strategic planning, however, offered a structured opportunity for existential reflection and helped alignment between operations and mandate. Participants noted that the planning process allowed them to better understand the organizational mission thus integrate actions and social priorities, including realizations on whether certain programs fall outside their mandate, all of which resulted in greater mission effectiveness and impact. This perspective is prominent in the comment below:

> *I'd say it clarified it. It clarified what our ultimate goals are. And like I said, they sort of get muddied up with both other new ideas, but also the day-to-day, and sometimes you lose track of what's at the end, what your goal is that you are really aiming for.*

The strategic planning process also enabled organizations to focus their efforts, therefore helping them achieve more tangible results. As the quote below confirms, organizations have finite resources, and tackling too many areas spreads them too thin and makes them lose focus:

> *The one thing about being small and nimble means we can get scattered. The movie "Up"- there's the dog and the dog sees a squirrel and goes: squirrel, squirrel. So we 100% will squirrel and squirrel: that looks like a cool idea, let's go do that. That looks like fun… So having some of this planning time has made a big difference in terms of us focusing and not doing all things at once.*

Another important outcome reported by participants is the ability to stay on track with the organizational priorities considering a variety of environmental pressures that may force the organization in different directions, including funding pressures and availability of resources. In this sense, the quote below highlights the value of planning for coping with some aspects of resource dependency:

> *I think with a strategic plan, we're also trying to find out how we can support the community and not depend on specific types of funding, whether it being federal or provincial funding. So we are not bound by certain objectives based on funder requirements.*

Eventually, strategic planning processes seem to also result in having a stronger advocacy framework, by clarifying the ultimate why of an organization, once again increasing mission focus and impact, and providing the backdrop for various advocacy efforts of these organizations. For example, an executive director spoke of the value of planning in providing direction for their advocacy efforts and the fundamental objectives of the organization:

> *And then I also think it [strategic planning] gives us the basis for all of our external work. When I am at external tables, what I'm talking about is what our commitment is and not about us as an organization. It's about what we are trying to achieve, and what we're trying to promote from systems change perspective.*

Improved Operational Effectiveness

Improved operational effectiveness refers to the capacity to effectively combine and implement resources by rationalizing program and service delivery, organizational structure, processes and routines to optimize the achievement of outputs within existing capacities (Porter, 1996). This outcome is closely related to the process of internal organizational audit, as study participants reported using strategic planning as an opportunity to review organizational operations and implement changes where needed. We can see a similar perspective in the comment below, outlining the role of planning for reviewing ineffective organizational processes:

> *One of the things is the way we were structured, and how our work was organized,*

managed and coordinated ... Again, it was a patchwork, like we got funding somewhere, or who has a few minutes to spare… So it is things like that that we're starting to revisit … and we are looking at things a little differently.

In some cases, the strategic planning process was also used as an opportunity to not only review, but actually take steps to remedy some of the issues identified, by pausing planning in order to review and adjust structures or policies that were deemed detrimental to efficiency. As the interviewee below notes, the opportunity to systematically review and reorganize activities had important implications over effectiveness:

When you're in survival mode, I think that a lot of things that you do, you do in ways that cost efficiency. Because you're just kind of responding, and you're not planning out. If you take a minute to breathe, and take a look at things and you reorganize, you're going to cook rather than just pile everything there. Because if you put everything in order, then you can do everything in a much better way. And the end result is better too. So I think that most definitely, this process is going to have an effect on efficiency. I think we will be better, and we'll be able to do more.

Operational effectiveness should not be seen as a key outcome of strategy-making and the only route to increased performance (Frumkin & Andre-Clark, 2000; Porter, 1996). However, the ability to use inputs more efficiently is especially important in nonprofits that have little control over organizational resources, making this outcome a key antecedent to overall performance.

3.6.4. Social Outcomes

Considering the large number of stakeholders that have a say in the work of a nonprofit and its muddled ownership structure, the ability to successfully manage constituents is essential for its survival (Crittenden et al., 2004; Bryson, 2003), since stakeholders who feel that they are recognized and acknowledged by the organization are more willing to support it with time and resources (Innes & Booher, 2015). Social outcomes refer to an improved relationship between the organization and its internal and external stakeholders, including ownership, team spirit, accountability, and promotion. This study confirmed social outcomes such as ownership and

legitimacy are generated by the planning process. This finding is consistent with research carried out previously in the nonprofit literature (Bigelow et al., 1996; Harris et al., 2009; Stone & Crittenden, 1993), along with stakeholder management (Mchatton et al., 2011) and group therapy (Healey et al., 2015; Langley, 1988).

One interesting finding, however, is that social outcomes were much less emphasized in organizations with an informal approach to strategy implementation and control. This finding seems inconsistent with previous studies that considered a less formal approach to specifically benefit social outcomes such as legitimacy and stakeholder management (Morrison & Salipante, 2007; Stone & Brush, 1996). One explanation for this may be that an overall climate of lack of structure and coordination in day-to-day operations may have created a counterbalance for these outcomes.

Ownership

The strategic planning process resulted in increased ownership and buy in among internal stakeholders. This was the result of several factors such as offering the opportunity to understand the rationale behind certain decisions, or to see how participant inputs have been integrated in the strategic plan, which in turn strengthened the individual's relationship with the organization and increased ownership and legitimacy over future action. As one board member noted, the value lies in the process of coming to a joint understanding, regardless of the content of the decision that was made:

> *I think that a lot of it is optics and political, and you need to get buy in at all levels, and people need to feel that they've been heard. You may end up in exactly the same place, but it's important to get the buy in all the way along and to get ownership. And for people to take ownership and feel that they've played a role in sculpting or had made a meaningful contribution to any refinements to mission, vision, values and strategic priorities.*

Ownership outcomes stretched beyond internal constituents to also include funders and wider communities, as a tool to enable joint decision-making for the investment of common resources. By implementing a consultative planning process, organizations received feedback from the communities they serve and acknowledged community perspectives by including

external inputs in long-term commitments. As one interviewee noted, such involvement was important not only for the communities they serve, but for their funders and partners well:

> *I think the process of engagement is meaningful for the different stakeholders. I mean, we know a lot of our external stakeholders. And external stakeholders are increasingly participatory… in the last 15-20 years people don't just want to give money, people want to be part of deciding how the money is spent. People want to hear about what you're doing with the money and people want to be engaged.*

Accountability and Transparency

The process of community engagement brought additional benefits to external stakeholders, such as greater insight into organizational operations and decisions. The process of consulting with communities was also perceived as an opportunity to acknowledge and empower clients, as well to be transparent about the commitments the organization is making and provide feedback on the rationale behind various decisions. As this quote suggests, this was done not only through consultations, but also by ensuring that such consultations are followed up with feedback on the actual decisions that were made:

> *We do spend time, once the plan is developed to not just go back and say here's the document, but explaining to each of those stakeholders in a way that's relevant and understandable to them, what that means. What's going to be different? What's going to be better? What's going to enhance what we do because of the plan.*

Team Building

Team building refers to the opportunity to build rapport and relationship between participants in the planning process (Healey et al., 2015), and as such it has already been recognized as an important outcome of strategizing (Langley, 1988; Mchatton et al., 2011; Sharp & Brock, 2010). However, this outcome was not significantly emphasized among the study participants, possibly because of the effects of the pandemic and the fact that a lot of the collaborative aspects of the analyzed planning process were conducted online. Nevertheless, it was noted that strategic

planning builds certain level of trust and cohesiveness, and further strengthens the ownership and legitimacy of the decisions being made. We can see this perspective in the quote below:

> *It does build a certain level of trust, certain level of rapport and camaraderie between both managers and staff that were taking part of this. Because we did have to take time away from our everyday work, it was time that was protected, that you had to come and do that. And I think there were some intrinsic benefits to taking part in terms of relationship building and team building.*

Study participants seemed to relate this outcome to the opportunity for engaged participation and dialogue, as opposed to simply providing inputs for the planning process.

Promotion

A significant group of outcomes that has not received much attention so far relates to the promotional outcomes of the strategic planning process. While the interaction with various external stakeholders was an opportunity to gather information, it was also an opportunity to distribute information about nonprofit programs, services or potential areas of interest and collaboration. For example, several organizations noted securing additional revenues to expand existing or implement new services and programs during their consultation with funders as part of the strategic planning process.

The planning process created greater awareness about the diversity of work done by the organization for staff, members, volunteers, and the board. In a way, this by-product of the planning process enhanced their role as promoters of the nonprofit, as well as their motivation to support it with time and resources. Externally, through the consultation process, the organization was able to publicize other existing services and programs, and provide opportunities for clients to get involved in additional programs and services, as indicated in the following quote:

> *Because they [communities] may not even know that we offer all these other services. In fact, many people don't. They engage in one small part of the organization or as a volunteer, and that's what they're familiar with. So, I think it was kind of eye opening to see the big picture, right?*

Through promotion of the finished strategic plan towards participating stakeholders, the organization once again got the opportunity to provide new information to current and potential beneficiaries.

3.6.5. Emotional Outcomes

Emotional outcomes, which so far have not been explicitly identified in the literature, refer to feelings of hope, empowerment and invigoration that come as result of the planning process. My findings suggest that the planning process played an empowering and invigorating function in nonprofits because members gained greater confidence in the capacity of the organization to navigate future challenges, and greater faith in the quality of decisions it was making. This increased the confidence and motivation of organizational members to contribute to organizational efforts, which is of great value in ensuring future performance (Hwang & Powell, 2009; Sharp & Brock, 2010). In this regard, the executive director of a smaller organization noted:

> *I think it [strategic planning] also brings hope in times of challenge. So even when COVID hit, and everything became very uncertain, strategic planning is what kept us hopeful. The whole agency shifted. When we went into the strategic planning process, everybody was uncertain and unsure and all those things. And by the time we finished, I just saw everybody's hope come back, you know, we're going to be okay, we're going to get through this.*

Especially during the pandemic and the uncertainty it brought, interviewees spoke of a general feeling of insecurity over next steps and feeling overburdened and stressed out from incoming challenges from all directions, while at the same time having limited faith in the actions their organization was taking to adjust to changes in the environment. The strategic planning process offered an excellent opportunity to make a more comprehensive assessment of the organization as a whole and how it fitted into this changing environment, bringing confidence that the organization has systematically reviewed all external factors and can be assured in the decisions and steps it is taking. This confidence in the plan and future actions of the organization can be noted in the quote below:

> *But to me, I also think that we've identified the building blocks for that strategy. So that it's, it's realistic, and it's doable, we haven't like… It's not so high level that it's just words, and you know, you're never going to achieve them, it's clear enough that it provides a really good foundational direction for us, and then through the operating plan will guide us to be able to achieve those strategic priorities. I feel like it sets us well for the future. It is its bold, some of it is quite bold.*

Overall, the planning process resulted in feelings of hope, relief, and invigoration, as well a general sense of confidence that the reasoning behind the decisions is sound and the organization is in a good place to tackle future challenges. For some of the interviewees, it also felt like a problem solving exercise, contributing to feelings of togetherness and hope in challenging times:

> *What I mean is when you're faced with a huge mountain, and you come together, and you put all your heads together to solve a problem. I think that contributes to the hope because you feel like you're not so alone in it, you know, I think it's wonderful.*

In part, these feelings also resulted from the belief and newly gained confidence that difficulties would be overcome, but also the faith expressed by various stakeholders outside the organization - i.e. board members, funders and partners - that the plan is viable and the organization is capable of executing it. As noted in the quote below, this confidence stretched beyond the validity of the plan to include feeling supported for its future implementation as well:

> *And so I also learned about the, you know, the faith that they have in the organization to be able to not only design the strategy, but to implement and to execute. So it's pretty bold, what we developed for the organization. So also learning that the board had confidence that we could do this, and would support the work that needs to happen and resource it appropriately, that was very helpful as well.*

3.7. Implications and Conclusions

This study addressed the broad question of how strategic planning brings value to organizations, especially nonprofits, by examining the full portfolio of planning process outcomes and their relationship to organizational performance. As such, this research makes several important contributions to strategic planning theory and practice.

3.7.3. Implications for Theory

This study provides a comprehensive overview of a broad portfolio of proximal strategy process outcomes in relation to three common characteristics of the planning process such as participation, decentralization and formality. In doing so, it also introduces aspects of strategy implementation - i.e., the systematic operationalization and control of strategy and its relationship to plan effectiveness. While some of these outcomes have been identified with earlier studies (Healey et al., 2015; Hutzschenreuter & Kleindienst, 2006; Schaefer & Guenther, 2016), the exploratory approach in this research enabled us to understand the variety of tangible and intangible contributions that the strategy development (and strategic planning) process can offer.

The Value of the Strategy Development Process

The strategy development process facilitated an exchange of information, reflection and sensemaking on internal and external circumstances, and created capacities for innovation and future emergent strategizing. The strategy development process also contributed to greater alignment to the organizational mission and increased operational efficiency, thus increasing the overall effectiveness - i.e., mission attainment and operational optimization of organizational action. The planning process contributed to enhanced relationships with and between internal and external stakeholders, improving legitimacy, accountability, ownership and serving as means for organizational promotion. Lastly, the process resulted in positive emotional outcomes among participants, including hope, motivation, and confidence for future action.

While the first three groups of outcomes - i.e. cognitive, operational and social - have already been identified in relation to strategy processes and linked with individual characteristics of planning, this research points to another group of proximal outcomes: the emotional that so far have not been recognized in the literature. While the question of emotional outcomes warrants further research to analyze how, where and why these outcomes develop within the process, it also points out to an important resource created by planning: the confidence and motivation to implement the plan and to contribute to the future work of the organization.

The literature has already entertained the idea of the significance of the planning process as a core determinant of the effectiveness of plans (Meissner, 2014). This relationship between a number of proximal outcomes and the characteristics of the planning process further focuses our attention on how the planning process itself can build certain organizational capabilities and create room for further examination on how different process designs can improve strategy outcomes (Healy et al., 2015). While this study takes a broad look of the characteristics of the planning process, each characteristic can be analyzed to more detailed components to be further investigated for their implications over the proximal outcomes of the process.

Process Outcomes as Antecedents of Organizational Performance

While this study did not specifically measure the relationship between proximal outcomes and organizational performance, the scope and quality of proximal outcomes suggest strong influence over organizational performance. For example, knowledge management, sense-making, and entrepreneurial capacities are considered key components of dynamic capabilities, and as such, can be seen as core resources for organizational performance, especially in turbulent environments (Teece, 2014; Hughes & Hodgkinson, 2011). Operational outcomes, on the other hand, bring greater control over resources and improved ability to align them for the achievement of organizational objectives, in this case the social mission of the nonprofit. While operational effectiveness is not to be substituted with strategy itself (Porter, 1996), it still speaks to the contribution of the strategy process over optimized allocation of resources that inevitably affects the bottom line. Finally, social and emotional outcomes can be related to, and address, issues around organizational legitimacy, ownership and increased sense of motivation for the implementation of organizational priorities. In summary, such a broad portfolio of outcomes related to the strategy process will necessarily contribute to long-term organizational performance.

The Value of Strategy Implementation

This study addresses questions of strategy implementation and their relationship to the achievement of performance outcomes by reviewing the effects of strategy operationalization

and control over first order process outcomes. The findings suggest that lack of attempts to systematically implement strategy can adversely affect strategy process outcomes, especially the social and emotional outcomes that were only minimally present in organizations that did not take a structured approach to implementation. These findings indicate that questions of strategy effectiveness cannot be considered without systematically assessing strategy implementation as a core component of the strategy process (Amoo et al., 2021). The findings also suggest that using a proximal approach to strategy outcomes could be a more viable method of determining the relationship between strategy and performance.

Contributions to Nonprofit Management

This study makes an important contribution to the nonprofit management literature in several ways. The study findings describe the multiple benefits that come from the strategy process, suggesting that a quality process offers multiple benefits for these organizations that are essential to their long-term survival and growth. In a sector where strategic planning is often conducted in a highly superficial manner to simply provide access to funding, this study highlights the variety of benefits for organizations by conducting well-thought participatory and decentralized processes. The findings also confirm the important role that formal implementation plays in the nonprofit sector as a mediator of the planning-performance relationship. In summary, these findings address a key concern in the nonprofit management: whether strategic planning as a tool can positively contribute to the management of these organizations, especially when it comes to mission achievement. My findings suggest that strategic planning, when properly organized, can be a major contributor to nonprofit survival and growth.

3.7.4. Implications for Practice

This research indicates that consultation and decentralization can exert substantial influence over the achievement of proximal outcomes. Consultation with external stakeholders, especially clients as well as partners and funders, was found to lead to cognitive outcomes, specifically knowledge management and reflection and sense-making. In addition, consultative planning processes were strongly related to social outcomes such as accountability, ownership, and

promotion. However, certain findings also pointed to the need to carefully manage expectations within the strategy development process (Healey et al., 2015; Hughes & Hodgkinson, 2019).

Consultation does not usually include actual involvement in decision-making, which was not always clearly communicated with process participants and led to dissatisfaction in some organizations. This speaks to both the essential and beneficial role that engagement processes can have as part of strategic planning, but also the need to carefully manage expectations to ensure these aspects yield positive outcomes for the organization conducting the process (Healey et al., 2015; Innes & Booher, 2015).

Decentralized decision-making was apparent in various organizational levels in the development of the plan, and was found to be closely related to all four groups of proximal outcomes. These benefits were mostly recorded as individual level outcomes such as improved understanding and knowledge of the organization, greater ownership and commitment, greater empowerment, and motivation for the work of the organization as well as capabilities for future emergent strategizing. In for-profits, the interaction between various organizational levels and the participation of middle managers in the planning process has already been established to have notable influence over organizational performance (Andersen, 2004; Schaefer & Guenther, 2016). In nonprofits, our findings show that we can relate participation in the planning process to all four categories of proximal outcomes, including increased capacity are resourcefulness for future innovation and adaptations of strategy.

Lastly, this study found major differences between planning process outcomes in organizations with less formalized planning processes that took a more organic approach to strategy implementation and control. The findings indicate that while the strategic planning process itself does bring some cognitive and performance outcomes in these organizations, they are substantially lower. It seems that an informal approach to strategy implementation translates into less-structured organizational processes with reduced clarity on expectations, involvement, and outcomes. My findings imply that this may lead to increased frustration among planning participants and lack of understanding of the planning process itself, eventually stifling organizational learning and the capacity for future use of information generated by the planning process.

Social and emotional outcomes in these organizations were also more limited, possibly since the lack of an intentional approach to strategy implementation would contribute to a more chaotic working environment, reduced coordination in strategy implementation, and the lack of systematic approach when addressing internal issues. This can lead to a diminished sense of ownership and team spirit, in contrast to the feeling of empowerment and inspiration from planning that was seen in the organizations with more formalized processes.

Consultative and decentralized strategic planning processes bring important benefits for nonprofit organizations and the achievement of long-term performance. However, to fully reap these benefits, organizations need to reach beyond simply developing a strategic plan, to ensure they also conduct a quality planning process, and to be intentional and systematic in plan monitoring and implementation efforts.

Chapter 4: Surviving COVID-19: Towards a Nonprofit Strategic Planning Model Tailored for Turbulence

Despite the recognition that nonprofits operate in complex and turbulent environments, little has been done to adjust nonprofit strategic planning systems in response to the demands of multifaceted change. Using the COVID-19 crisis as an example of extreme turbulence, this paper explores strategic planning approaches that enable nonprofits to cope with volatile surroundings. The paper contributes to the third research objective by expanding our understanding of how strategic planning models in nonprofits have adjusted to turbulence, examining the planning practices that have been most effective in tackling unstable environments, and exploring how nonprofit planning models could be designed for greater efficiency in volatile settings. Findings show that the strategic planning systems of organizations that successfully navigated the COVID-19 pandemic had the following traits: (1) Simplified planning frameworks; (2) Integrative strategic planning as an ongoing process; (3) Culture of learning and innovation; (4) Embracing uncertainty; and (5) Partnership and collaboration.

> *I always think that a good strategic plan isn't prescriptive, but it prepares you for the possibilities. What do we need to do if a massive storm hits us, or a massive opportunity hits us? For me, that is the test of a good strategic plan. Cause so many of them are very generic—like we will be nicer to our staff, or we will increase our revenues. Like, what organization doesn't want to increase their revenues or be nice to their staff … but what I want to see in a strategic plan is what are you doing intentionally, so if all of a sudden, a world pandemic hit, you would be prepared?*
>
> (Executive Director, Ontario-based, social-service nonprofit)

1.1. Introduction

In March 2020 what started as an isolated occurrence of a mysterious, respiratory syndrome turned into a major world crisis that in a matter of days changed life as we knew it. Health care systems collapsed under the rapid overflow of patients, public and private services were halted, schools closed their doors to students, and individuals and families found themselves locked into their homes. Basic human contact was simply suspended. As cascades of change rippled in all and any direction, the COVID-19 crisis showed us the incredible disruption that a major exogenous event can have over a world that is highly complex and interconnected (Ansell et al., 2021; O'Sullivan et al., 2020).

The COVID-19 pandemic can certainly be deemed an example of extreme turbulence, but it is not the only one of its kind as various smaller-scale events of similar nature - i.e., natural disasters, violent conflicts, and the looming climate crisis - constantly challenge the fragile balance in our personal, community and organizational lives (Johnson et al., 2021; Saifer et al., 2021). Even beyond these critical incidents, for nonprofit organizations that operate within the blurred boundaries of the market and the public domain, turbulence stems from variations in the social, political, economic, and environmental fabric as they directly apply to nonprofits' social missions and services (Herrero & Kraemer, 2022; Mcmullin & Raggo, 2020).

Market turbulence, characterized by fluid sector boundaries, vague business models and fluctuating market players (Eisenhardt & Martin, 2000), further affects the conditions under which nonprofits compete for funds, users and legitimacy (Stone et al., 1999). Changes in funder priorities, public policies as well competitive and unpredictable governmental contracts require constant program adaptations and threaten the production of social and intellectual capital (Akingbola, 2020; Gronbjerg, 1991; Grønbjerg et al., 2021; Hall et al., 2005; Meyer & Simsa, 2014). Stakeholders represented through multiple organizational constituents with different and often conflicting demands, pose additional challenges because organizations depend on their approval to access resources and gain legitimacy (Balser & McClusky, 2005; Wellens & Jegers, 2014; Willems et al., 2022). In other words, whereas the ongoing pandemic was a rare event, turbulence is always present in the nonprofit space requiring constant adaptations to evolving circumstances, and the distinctive sector traits, such as its dual bottom line, multiple stakeholders

and resource-dependent nature substantially constrain its capacity to control and respond to change (Gee et al., 2022; Stone & Brush, 1996).

Interestingly, there is very little understanding about whether and how strategic planning systems in the nonprofit sector have evolved to persevere to this environment of constant change (see Paarlberg & Bielefeld, 2009; Stone & Brush, 1996). Typically, nonprofits have been traditionally urged to implement linear, deliberate planning to address issues of operational effectiveness and accountability concerns (Bryson, 2010; Harris et al., 2009; Stone et al., 1999), even though this approach is generally considered an ineffective strategy when managing in complex organizational settings (Paarlberg & Bielefeld, 2009; Pasha & Poister, 2017).

Outside the nonprofit literature, current scholarship shows that even in turbulence, strategic planning has remained a key tool for organizations to adapt to their environments (Grant, 2003; Wolf & Floyd, 2017). However, studies of strategic planning in large corporations (Andersen, 2004; Andersen & Nielsen, 2009; Ocasio & Joseph, 2008) have also shown that planning systems have been substantially adjusted to accommodate volatile surroundings, including merging formal planning with emergent strategizing (Wolf & Floyd, 2017), more flexible strategic objectives (Boelens & de Roo, 2016; Grant, 2003), and decentralization of the planning process to rely on bottom-up initiatives (Andersen, 2004; Andersen & Nielsen, 2009; Brews & Purohit, 2007).

Nonprofit strategic planning is an area where the practice experience has preceded scholarly understanding (Amoo et al., 2021; Durand et al., 2017), thus we can assume that similar to their for-profit counterparts (see Grant, 2003), nonprofits have also adjusted their planning approaches in response to the complexity they operate in (Harris et al., 2011; Hwang & Powell, 2009). However, at this point, there have been very few attempts to understand the nature of nonprofit planning in turbulence (Bryson, 2010; Paarlberg & Bielefeld, 2009; Sharp, 2021). There is a paucity of empirical studies that explore what those changes might be (Laurett & Ferreira, 2018), along with a lack of normative guidance on what would work best for these organizations in situations of complexity (Pasha & Poister, 2017). These are the questions that this study addresses.

The COVID-19 crisis offers an opportunity to examine what strategic planning approaches proved effective for tackling turbulence in the nonprofit space by analyzing the strategic

planning practices of social service nonprofits that successfully navigated the COVID-19 pandemic. Accordingly, this study poses and addresses three questions: (1) What are the specific traits of strategic planning systems in nonprofits that successfully navigated the COVID-19 crisis? (2) How do these practices relate to existing practical and theoretical approaches for tackling turbulence? and (3) How can we further adjust nonprofit strategic planning models to better fit the management of unstable environments?

1.2. Literature Review: Strategic Planning in Complex Environments

1.2.1. Understanding Complexity

It could be argued that Rittel and Webber's (1973) *wicked problems* concept represents one of the first notable introductions to questions of complexity and dynamism in the social environment. They describe issues that are impossible to fully comprehend, emerge from an irreducible system of factors that do not lend themselves to full analysis, and undergo constant change as they evolve in multiple directions with any applied solution. In essence, wicked problems are the result of environmental turbulence: a rapid pace of change within complex, interconnected systems that make cause and effect hard to identify (Emery & Trist, 1963). Here, complexity is represented by the number of configurations in an environment, or the number of actors that comprise a system within a given moment of time, while dynamism refers to the rate by which such configurations shift, as changes in any part of the system trigger reactions throughout (Anderson, 1999; Stacey, 1995).

Complexity science and complex adaptive systems, specifically, have so far made the biggest contribution to understanding turbulence (Paarlberg & Bielefeld, 2009; Rauws, 2017), assuming an environment in which a great number of interdependent agents interact with one another in great many ways as they self-organize and evolve via a network of feedback loops (Allmendinger, 2009). System components, such as individual organizations are actors seeking a continued fit with such dynamic environments and in constant need to change as the system changes. Considering these components are both interconnected and yet autonomous in their behaviour, the manner in which they change, adapt and evolve is often difficult to assess (Anderson, 1999; Rauws, 2017), meaning that in complex systems, agents cannot predict the

outcomes of their actions as outcomes emerge as result of multiple agents reacting, learning, and altering their own behaviour in unexpected ways (Stacey, 1995).

When compared with traditional perceptions of the environment, where change is mostly identifiable and organizations can purposefully reach a point of equilibrium with their surroundings, the unfolding process in complex adaptive systems is one of independent, spontaneous self-organization with multiple, yet unpredictable equilibrium points (Chakravarthy, 1997). In summary, in complex systems we cannot predict the actions of other agents, the adaptations that will follow in the environment, as well as the outcomes of our own actions, nor pre-identify existing equilibrium points, thereby undermining the basic assumptions of traditional planning systems and raising questions about whether and how we can plan for these environments. To complicate matters further, the COVID-19 crisis has shown us the level of disruption a critical event can have over these complex, interconnected systems, forcing all actors to simultaneously and continuously adapt, creating hyper-dynamism and bringing the system to the edge of chaos.

1.2.2. Strategic Planning in Uncertainty

The purpose of strategic planning is to help organizations achieve a fit with their environment by determining an overall direction and moving the organization from where it is to where it wants to be (Paarlberg & Bielefeld, 2009). This makes the underpinning assumptions about how the environment operates essential to defining how the process of strategic planning needs to be organized. Complexity scholars have criticized the three major schools in the strategy literature: strategic choice, environmentally determined approaches, and the social process perspective for misidentifying the system characteristics of the environment (Stacey, 1995; Chakravarty, 1997; Paarlberg & Bielefeld, 2009; Galzaskievich & Bielefeld, 1998), deeming the traditional planning models irrelevant. Such criticism has resulted in several strategic planning approaches that have emerged from theory and practice to address some of the identified shortcomings.

Integrative Planning Approaches

Integrative planning approaches emphasize the simultaneous use of multiple planning modes, where formal planning is complemented by symbolic, generative, and emergent strategizing, as more effective in turbulent environments (Brews & Hunt, 1999; Brews & Purohit, 2007; Hart, 1992). Following the focus on environmental dynamism, the value of formal strategic planning for unstable settings has been disputed based on the perceived inability of the formal planning approach to comprehend and analyze all environmental contingencies while circumstances were also found to evolve too fast for plans to remain relevant (D'Aveni et al., 2010; Lindblom, 1959). Guided by the understanding that strategic thinking does not take place during formal planning, but rather that strategies emerge as part of an interaction between what was planned and what actually took place, a more informal approach to strategy development was proposed under the "learning school" framework (Mintzberg, 1994a; Mintzberg & Lampel, 1999) which argued for emergent, incremental planning as more relevant for organizations operating in complex and dynamic settings.

However, empirical studies by scholars such as Grant (2003) and Andersen (2004) found that formal planning was not obsolete, but is instead a key pillar of strategy development in turbulent settings, while also pointing out that the effectiveness of formal plans was substantially enhanced when implemented in unison with other planning modes, including emergent strategizing (Andersen & Nielsen, 2009; Brews & Purohit, 2007; Ocasio & Joseph, 2008). Grant (2003) labelled this approach "planned emergence", emphasizing such planning includes top-bottom formal plans coupled with decentralized bottom-up adjustments. This approach makes sense for the management of complex adaptive systems as it integrates the structuring and coordinative role of formal, deliberate planning along with the innovative and learning oriented potential of the learning school approach.

To enable the integration of formal and emergent strategizing, plans would need to be less deterministic, formal planning frameworks would need to be simplified, and the planning process made less formal (Grant, 2003). Participation and democratization are also essential to planning in turbulence because they facilitate learning and integrate knowledge that is otherwise dispersed throughout the organization. Decentralized decision-making further increases responsiveness to environmental change and helps harness the entrepreneurial, innovative, and

creative potential of people across various levels of the organization (Hughes & Hodgkinson, 2019). This approach also points out the changed nature and focus of strategic planning, from a bureaucratic mechanism to facilitate the development of plans and actions, to a communicative and integrative device meant to coordinate decision-making and action across different organizational levels, making better use of individual knowledge and experience (Schaefer & Guenther, 2016; Wooldridge et al., 2008).

Resource Oriented Approaches

Approaches such as knowledge-based theories or dynamic capabilities build on the resource-based view to emphasize the decisive roles of organizational resources as a core source of competitive advantage in environments of high complexity. If change is a constant in turbulence, the ability of organizations to continually adapt and reorganize resources in response to such change becomes essential for coping with volatile surroundings, making it a key property of successful organizations (Chakravarty, 1997). For example, knowledge-based theories emphasize the value of development and deployment of organizational knowledge as a key resource to sustain performance in dynamic settings (Grant, 1996b).

Another stream deriving from the extended resource-based view focuses on dynamic capabilities – i.e., the organizational capacity to sustain ongoing fit with the environment by garnering, shedding and recombining resources as the context evolves and changes (Eisenhardt & Martin, 2000; Teece, 2014). There are three processes that are at the core of dynamic capabilities, including sensing and shaping opportunities and threats; seizing opportunities and enhancing, combining and reconfiguring organizational assets to respond to new circumstances (Teece, 2014). Simply put, dynamic capabilities enable an organization to quickly respond to external change by effectively switching between strategic options (Barreto, 2010), pointing out their entrepreneurial essence and reliance on organizational learning (Hughes & Hodgkinson, 2019). Similar to the integrative planning approaches, resource focused frameworks emphasize the need for horizontal, participatory and decentralized decision-making to enable the acquisition, distribution and application of knowledge across the organization and in this way achieve strategic adaptation and change (Ketokivi & Castaner, 2004; Sirén & Kohtamäki, 2016).

Action Oriented Approaches

Based on the rapid pace of change as a key characteristic of turbulent environments, action-oriented approaches emphasize the need for fast decision-making in response to altered circumstances to make use of new opportunities and gain first-mover advantage. One approach that relies on this philosophy is the strategy of "simple rules" (Eisenhardt & Sull, 2001), a series of principles that simplify and speed up decision-making to seize new opportunities in ambiguous and volatile contexts.

These rules include "how-to" rules which clarify the process, "boundary" rules that indicate the types of opportunities to be pursued, "priority" rules to rank various opportunities, "timing" rules to synchronize the pace of opportunities with other organizational processes and "exit" rules that tell managers when to pull out of endeavours. At the core of the "simple rules" strategy is an approach based on trial and error, enabling managers to quickly identify and seize existing opportunities, but also make swift decisions to abandon them once they are no longer working in their favour. The idea of simple rules is based on the understanding that in turbulent environments competitive advantage is shortly lived, while the unpredictability and the pace of change make it unsustainable to invest organizational time in complex plans.

Chakravarty (1997), proposes a similar concept for the information industry, going a step further by not only seeking to seize multiple opportunities and gain repeated first-mover advantage, but also as a tool to create additional dynamism in the environment in this way contribute to the creation of chaotic environment. In the heart of Chakravarty's approach is a high alertness on changes in context, a horizontal structure and a clear guiding philosophy that will centre the organization, enabling it to diversify and strengthen core capabilities and gain repeated first-mover advantage.

1.3. Research Methods

Given limited theory on how strategic planning models in the sector have been adjusted in response to environmental turbulence, this study adopts an exploratory, qualitative research methodology (Merriam & Tisdell, 2016). As advised by Creswell (2013), I use a constructivist, interpretative lens to establish what worked in situations of turbulence based on the lived

experiences of nonprofit leaders and strategy consultants. The approach is well suited for two reasons: one, the study aims to gather descriptive data on how strategic planning is conducted in organizations that successfully navigated the COVID-19 pandemic, how those approaches were modified throughout the crisis and their perceived effectiveness, as well as any considerations on how strategic planning in the sector can be further adjusted to respond to turbulence (Sharp, 2021). The choice of qualitative methods is therefore determined by the fact that existing theoretical inputs on the topic are so far limited to the management of profitable entities, thus a qualitative framework will allow the identification of additional components that might not have been relevant in the for-profit context (Merriam & Tisdall, 2016). Additionally, a qualitative approach offers the opportunity to contextualize the study findings, especially relating to the effectiveness of the identified approaches, as well as to understand the rationale behind their implementation (identified as a drawback in recent quantitative examinations of similar issues in public-sector entities) (for example see Pasha & Poister, 2017).

Social-service nonprofits provide the setting for this research. This is a large group of organizations primarily focused on the delivery of human services related to well-being and quality of life, addressing social and economic inequalities and providing assistance to individuals, families and communities (Mosley, 2020). Specifically, this study focused on social service nonprofits based in Ontario, Canada and included a total of 8 organizations that successfully navigated the pandemic. Participating organizations were recruited through a survey and the choice of organizations was based on several criteria, including implementation of formal strategic planning; belonging to the social service sector; and successful navigation of the pandemic as evidenced by the perception of organizational leaders and increase in revenues in the two years following the pandemic [6 out of 8 studied organizations noted a 30% growth in revenues]. Selected organizations differed in size, age, and number of years in implementing strategic planning and provided further insight on how those differences may come across in their approaches to navigating change. More details on the participating organizations and other study informants are presented in Table 4.1. below.

ORGANIZATION	Org. Type	Organizational age (in years)	No. of Employees	Annual revenues	Pandemic Growth	Experience with SP/years	Informants interviewed by type
White	Charity	30+	100	14 mil	Yes [Major]	Over 20	ED: 1 Board member: 1 Senior manager:1 Middle Manager: 1
Yellow	Non-profit	5	4	0.3 mil	Yes [Major]	Less than 5	ED: 1
Green	Charity	50+	5	0.7 mil	Yes [Moderate]	Over 20	ED: 1 Board member: 1 Senior manager:1
Blue	Charity	40	300+	20 mil	Yes [Major]	Over 20	ED: 1 Board member: 1 Senior manager:1 Middle manager:1
Red	Charity	50+	110	6 mil	Yes [Major]	Over 20	ED: 1 Board member: 2 Senior manager:1 Middle manager: 1
Brown	Charity	40+	200	9 mil	Yes [Moderate]	Less than 5	ED: 1 Senior manager:2 Middle manager: 2
Pink	Charity	20+	75	6 mil	Yes [Major]	Over 10 years	ED: 1
Teal	Charity	80+	300+	20 mil.	Yes [Major]	Over 20 years	ED: 1
Triangulation	n/a	n/a	n/a	n/a	n/a	n/a	Strategic planning consultant: 3
Total number of interviews:							27

Table 4. 1: Overview of research participants - qualitative study

Data were collected through semi-structured interviews with the executive director of each participating organization [N=8], as well as additional interviews with board [N=5] and management [N=10], where available. The data gathered from these organizations was further triangulated through several interviews with nonprofit strategic planning consultants [N=3]. Interviews were conducted between November 2021 and January 2022. Most of the involved organizations were either concluding or just starting their first post-pandemic strategic planning cycle during the study period.

During the interviews, study participants were asked to describe their strategic planning systems, the ways in which planning decisions were made in response to the pandemic, to share effective and ineffective planning practices for navigating turbulence and any future modifications to their planning approach as result of learnings from the COVID-19 crisis. All

interviews were transcribed verbatim and shared with study participants for final confirmation of their inputs. Interview transcripts were coded using NVivo and data was analyzed via open and axial coding. Organizational strategic plans were reviewed and analyzed in support of the study findings.

1.4. Findings and Discussion: Nonprofit Planning in Turbulence

1.4.1. Common Characteristics of Strategic Planning Systems

All organizations included in this study had established formal strategic planning process and possessed formal strategic plans which were used as frameworks to guide action throughout the COVID-19 crisis. In all studied organizations, strategic plans were developed with the help of external consultants, with varying levels of support from staff and members. All surveyed organizations had also conducted highly participatory formal planning processes, which included consultation with internal stakeholders such as staff, members, and governing boards, but also external stakeholders, including engagement with clients, funders, and organizational partners. The planning process itself followed common steps and recommendations in the literature (Bryson et al., 2009; Bryson, 2018), including (1) a participatory analysis of circumstances in the internal and external environment with high emphasis on client and community engagement; (2) various forms of planning workshops and meetings with a core planning group to identify strategic opportunities and priorities; (3) wider consultations to discuss proposed strategic options and alternatives; and (4) formulation and approval of strategic plans and steps to promote it among internal and external stakeholders.

The execution of the plans, however, varied between organizations, with some organizations (i.e., White, Blue, Pink and Teal) employing a highly sophisticated process of developing detailed operational plans and performance indicators to integrate all organizational action under their strategic framework. On the other hand, organizations (i.e., Yellow, Red and Brown) took a more organic and informal approach to strategy implementation by intermittently consulting strategic priorities but being less intentional and systematic when connecting programs and services with their strategic directions.

Despite these differences, when it comes to their approach in tackling turbulence, the data analysis identified five common categories across all studied organizations, which were deemed essential in coping with change: (1) Simplified planning frameworks; (2) Integrative strategic planning as an ongoing process; (3) Embracing uncertainty; (4) Partnership and collaboration; and (5) Culture of learning and innovation. More details on the first and second order categories and themes are presented in Figure 4.1. below. In the section that follows, each category is detailed and its relevance to the examined literature is further elaborated.

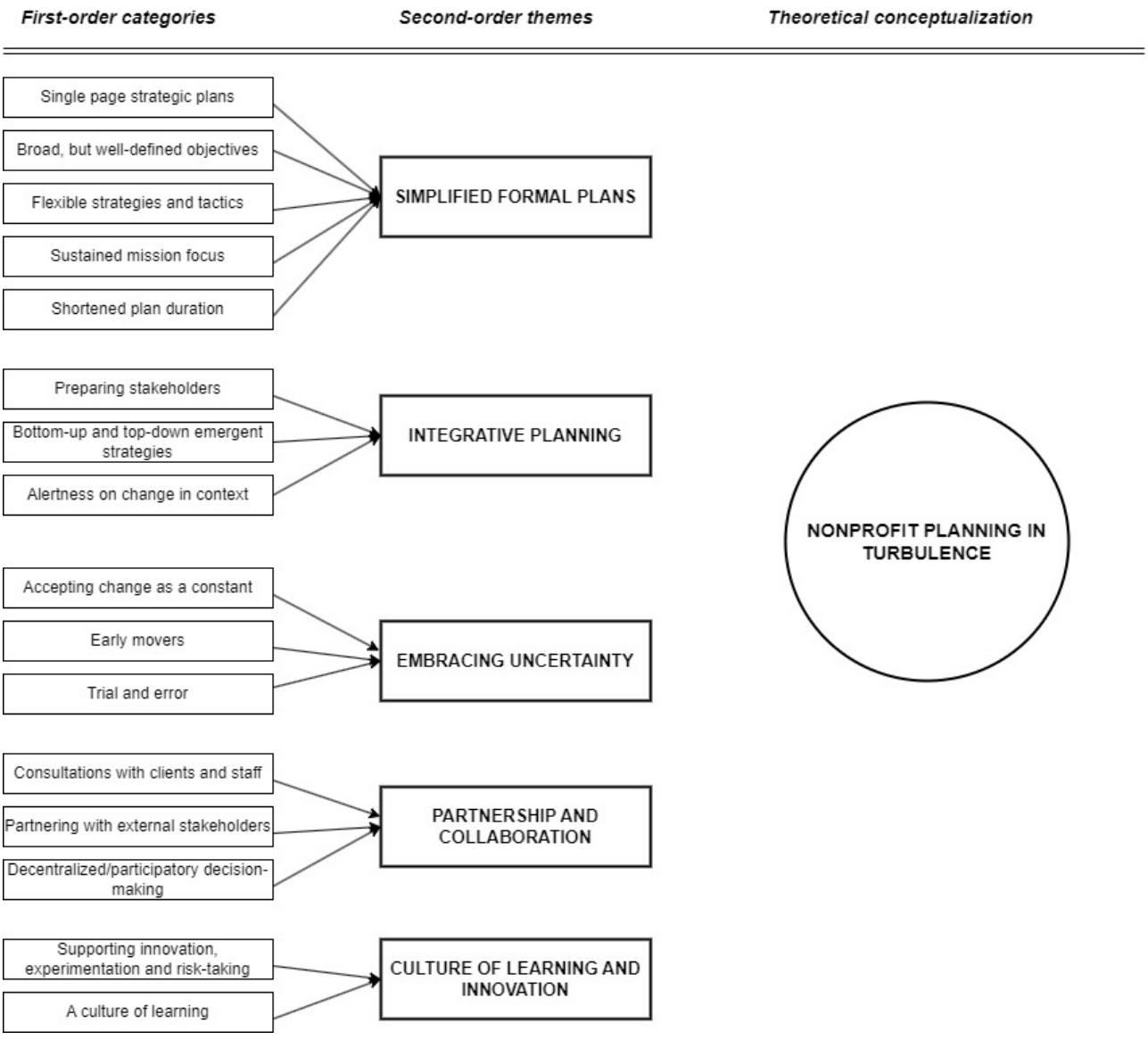


Figure 4.1: Summary of findings, first-order codes and second-order categories

1.4.2. Simplified Planning Frameworks

Nonprofits that successfully navigated the crisis took a simplified and more flexible approach towards formal plans. Strategic plans were streamlined and scrutinized to provide clarity on what the organization wants to achieve within a given timeframe, but the ways to get there were understood more loosely – i.e., presented as single-page plans with several broad long-term objectives. Plan duration was also shortened, and plans sustained a clear mission focus.

The approach described above was based on the awareness that a change of circumstances is common in the sector and therefore organizations needed to anticipate changes in surroundings and adjust plans accordingly. The purpose of the strategic plan was therefore to identify where the organization wants to arrive, rather than provide a detailed blueprint on how to get there. As the executive director of one organization noted:

> *For me, being a strategic organization is far more important than being an organization with a strategic plan. And if you're a strategic organization, instead of having a roadmap of where you go, which is what most strategic planning is, it becomes having a destination… And I kind of consider that as we're sailing ship to that destination, the winds are going to change, the currents are going to change, and can we flex and adapt to be able to stay on course.*
>
> (Executive Director, Ontario-based, social-service nonprofit)

The approach noted above is similar to the trends described by Grant (2003) in his study of large companies in the oil industry, identifying simplified and shortened planning frameworks and less formal planning processes as more effective in turbulence. This makes sense considering the prevalence of an integrative planning approach, where formal plans serve as a framework to guide future action, but still need to provide enough flexibility to enable modification through emergent strategizing (Andersen & Nielsen, 2009; Meissner, 2014; Ocasio & Joseph, 2008).

Organizations also showed awareness of the need for objectives to be both broad enough to provide leverage in a variety of transformation scenarios, but still specific enough to avoid strategic drift and decoupling (Burke, 2008; Harris et al., 2009). This understanding is represented well in the following comment:

I'd say they [goals] can't be too broad, because it's too open for interpretation. But if they are too narrow, then it may not be feasible and they may not give you the leeway necessary to address it, so you need to be flexible, but you need to be clear. You have to have the guardrails in place … how you get there may vary.

(Board Member, Ontario-based, social-service nonprofit)

This study also found that planning is conducted more for its value of coordination, gathering information and clarity of direction (Wolf & Floyd, 2017), as well as learning and capability development, rather than for its value in producing medium-term actionable steps for achievement of strategic objectives (Harris et al., 2009; Langley, 1988). Organizations emphasized the significance of values and mission focus to guide future direction, but saw the plan as a living, breathing document that evolves with the context they operate in. With this approach, there was a general awareness of the fragility of assumptions and forecasts in the nonprofit environment and the need to be constantly alert of changes in the context (Chakravarty, 1997). One executive director presented the lack of ability to change direction in very practical terms:

Titanic. If you can't actually change course, then you're going to sink. And in our DNA, I think, is a relative comfort with understanding that we need to be able to experiment and to try things, so we're not handcuffed to any plan. We do like to see the goals, but the goals can be achieved in a variety of ways.

(Executive Director, Ontario-based, social-service nonprofit)

Overall, an approach like this allowed these organizations to have clarity on the long-term contribution that their strategy will make towards their mission, but less advanced commitment how to achieve it. These gaps were later filled through regular strategy reviews and emergent strategizing. In addition, and similar to the for-profit sector, there was a notable tendency for shortening planning timelines to respond to the dynamism present in their environment (Grant, 2003), based on changes in client needs and the social, political and economic landscape. For example, one organization recently changed their practice to plan every 5 years based on realizations that it was ineffective for their client base:

So we do it once every three years. We used to do it every five. But we just found that family has changed consistently, right? Like, what families need this year is not even what families need next year.

(Executive Director, Ontario-based, social-service nonprofit)

Shortened planning horizons also made more sense considering nonprofit organizations' dependency on governmental funding (Grønbjerg, 1991a), as they allowed organizations to plan along public policies and priorities, both as a way to coordinate programs with governmental grants and contracts, but also to identify advocacy goals or respond to issues neglected by publicly funded services.

1.4.3. Integrative Strategic Planning as an Ongoing Process

The study identified integrative planning models as essential to enabling effective adaptation in turbulence (Meissner, 2014; Pasha & Poister, 2017; Wolf & Floyd, 2017), as organizations relied on both formal and emergent planning to adjust to changes in circumstances. To ensure that emergent strategizing is integrated within their planning systems, organizations took deliberate steps to educate their stakeholders about the need to change direction, enabled decentralized decision-making, and allowed experimentation across various organizational levels. In their study of strategic decoupling, Hwang & Bromley (2015) noted a large dissatisfaction with strategic plans among nonprofit leaders as they saw plans lose relevance as circumstances changed. This study noted a different perspective, as this specific group of interviewees recognized change as a constant in their environment and accepted plans will need to be modified and finalized during implementation.

To prepare stakeholders for future changes in plans, the organizations in this study worked to create a shared understanding among their stakeholders that modifying plans to respond to changes in the environment was a regular part of the planning process, rather than an indication of its ineffectiveness (Andersen, 2004; Andersen & Nielsen, 2009). Nonprofit boards were considered a core group to address this issue although they often felt reluctant to amend plans due to their role in ensuring organizations remain on track with their strategic directions. This perspective was especially strong among planning consultants, as it can be seen in the statement

below:

> *I think more than anything, what it comes down to is training your stakeholders. Because there are a lot of stakeholders who may think that it is written in stone, that's all there is to it, and we have to meet these targets and these deadlines, and we have to do this. And they don't want to flex, they don't want to move away from that strategic plan. And I think they must realize that in this climate, they have to be willing to flex, right?*
>
> (Nonprofit strategic planning consultant)

Emergent strategizing was bidirectional: it happened from top to bottom, by decisions implemented by board and management, but also bottom-up by providing the opportunity for staff to suggest changes to programs and try new initiatives. Such findings on effective emergent strategizing are in line with several studies pointing out the value of involvement of various organizational levels in the planning process as a precondition to effective plan adaptation (Jarzabkowski & Balogun, 2009; Schaefer & Guenther, 2016).

To enable integrative planning, organizations also kept alert about changes in their operating environment. This included a strengthened and more comprehensive focus on risk management, with some introducing scenario planning in their regular management frameworks, which so far has not been common practice in the sector (Ramírez & Selsky, 2016). Organizations also tried to pay greater attention to socio-economic and political trends as well as changes in their immediate surroundings to be able to anticipate future trends. However, this was not as successful as organizations wanted it to be.

On one hand, there seemed to be an understanding that gathering and analyzing comprehensive data about the environment cannot be done only once every three years when it is time for regular planning cycles, but rather needs to be an ongoing practice. On the other, such efforts require resources that many organizations do not have. While organizations did collect some data through ongoing monitoring and evaluation, the data were often disjointed and rarely analyzed in the context of the full organizational strategy, so its application potential remained limited. Overall, there was a feeling that to respond to turbulence, organizations needed to strengthen their alertness to changes in their environment and enhance strategic thinking. As the executive director of a Toronto-based service organization explained: "Strategic planning is not

something you should be doing every three years, every five years, every year. If you focus on being strategic, you need to bake strategic thinking into everything you do."

1.4.4. Learning and Innovation Culture

For most of these organizations, strategic advantage was apparent through investments in organizational resources (Barney, 1991) rather than specific strategic positioning. These organizations showed a commitment to invest in the entrepreneurial and innovative capabilities of their organizations as a tool for increasing the organizational capacity to successfully adapt to future changes (Barreto, 2010; Hughes & Hodgkinson, 2019). As noted by one organizational leader, this happened through the development of a culture of continuous learning, creation of opportunities for participatory thinking and decision-making, and supporting experimentation, innovation and risk-taking:

> *The culture of risk taking, a culture of failure, a culture of innovation. You have to build that into your culture. People need to know that it's okay to fail, to make mistakes. But they also need to know that it's a culture of no complacency, a culture where you can't just say oh, that program went really well. Okay, great. What are you going to do next time to make it even better? So a culture of continuous improvement.*
>
> (Executive Director, Ontario-based, social-service nonprofit)

In line with the extended resource-based view, interviewees spoke of the focus of plans towards creating resources to help navigate future challenges (Wolf & Floyd, 2017; Teece, 2014), by investing in a strong and resourceful team, as it can be seen in the comment that follows:

> *I think strategic plans should be about preparing the soil. Some people want a strategic plan that says, we're going to have 100 flowers here, and we're going to have 100 plants there and that is going to happen by 2021. What I am saying is don't waste your time trying to figure out how many flowers you're going to have and where. Just work to make sure the soil it is rich and strong, so finally when the opportunity comes, you will be able to plant whatever you need to and all of it will be able to grow.*
>
> (Executive Director, Ontario-based, social-service nonprofit)

4.4.5. Embracing Uncertainty

Perhaps the most pronounced trait in all organizations that successfully navigated the pandemic was their capacity to accept the unpredictability of their environment. Very early in the pandemic, these organizations realized that they cannot stop what they are doing and wait for clarity of circumstances or unified recommendations and guidance from relevant authorities. Instead, they continued their programs and services while accepting that many of the decisions they are making might need to be revoked or further modified, sometimes as soon as the next day. One executive director described the first moment the organization came to the realization it needed to take such an approach:

> *Like everyone else in the beginning, we scrambled around, try to respond, try to survive. But I remember in September [2020], one of our leaders saying: "Guys, this is going to go on for a long time. We cannot continue to say, oh, well, let's not make this decision, let's not plan, let's hold off, let's wait till COVID is over." And so we continued to plan and strategize, even though we knew COVID was in the forefront and would still kind of interrupt our plans. But we didn't just put life on hold. As a matter of fact, we probably became more productive during COVID, because we saw so much opportunity. And because our strategic plan had prepared us to react in opportunity and crisis and we had a strong culture, we were able to respond.*
>
> (Executive Director, Ontario-based, social-service nonprofit)

As opposed to many other private and public organizations that suspended most operations early in the pandemic, these nonprofits did not stop delivering their services and programs at any point, but continually modified and expanded their portfolio from the start:

> *So what happened with COVID, is you had different organizations do different things. You had organizations like ours that dropped everything to look at how we can work together differently, and to do things completely differently as a sector. And then you had organizations that waited to see what's going to happen… And then you have a whole bunch of organizations that buried their heads and waited till they were told to do something different.*
>
> (Board Member, Ontario-based, social-service nonprofit)

Turbulence is characterized by increased number of changes in the environment. These changes include more threats, but also more opportunities, which these organizations were willing to pursue. This finding resonates with the action frameworks described above (Chakravarthy, 1997; Eisenhardt & Sull, 2001) that focused on quick responses to seize as many new opportunities as possible. While the continuant pursues of new opportunities may have at times meant ineffective use of resources, it also created a lot of learning and opened new prospects through continuous engagement, overall resulting in increased revenues and scope of programs and services. In other words, as one interviewee stated, to do so organizations needed to be more open to taking risks:

> *It's about taking more risks, about experimenting, being entrepreneurial about the kind of work that we do, not being afraid of failing. Like running with something and then changing it and saying that didn't work, right.*
>
> (Executive Director, Ontario-based, social-service nonprofit)

A major aspect of being early movers in rapidly changing circumstances was to base actions on trial and error. Staff were allowed to experiment with programs and build them from the bottom-up, and decisions were made by management and then altered until a viable solution was found. However, the opportunity to do was also dependent upon the approach of funders, as reflected in the comment below:

> *And I think that the more flexible our funders were to allow us to do whatever it is we had to do to help people, even if it failed, that had the most powerful impact… Those funders that freed that up and said, you experiment and do whatever it is you have to do, those are the organizations that had the ability to do the greatest things through COVID.*
>
> (Executive Director, Ontario-based, social-service nonprofit)

4.4.6. Partnership and Collaboration

Perhaps the biggest difference between strategic adaptations in the for-profit vs. the public sector is whether and how collaboration is integrated in the strategy process. In public organizations, due to the focus on common interest, the shared ownership and the large number of stakeholders, collaboration is long considered essential for effective decision-making. Collaborative planning

has also been promoted as a tool to ensure legitimacy and stakeholder involvement that goes beyond simple engagement, but rather includes stakeholders in the implementation of joint solutions by contributing with time and resources (Boelens & de Roo, 2016).

During the COVID-19 crisis, all studied organizations exerted a strong collaborative component in how they approached planning and decision-making, including both internal and external stakeholders in the process of decision-making. Clients and communities were consulted on changes in their circumstances and needs, while funders and other organizations were involved in the development of new and the revisions of existing programs and services. This approach provided early access to information and opportunities to combine and leverage resources with partners, as well address issues they would be unable to tackle independently (Saifer et al., 2021). As one interviewee noted, by consulting with other organizations working in a similar area, organizations avoided doubling efforts and managed to use scarce resources more effectively:

> *We had the virtual platform available, and they had the expertise. So we were able to leverage our strength with their strengths and create this parenting through pandemic portal. And it was so effective. It has served over 10,000 people alone in 2020, like, unbelievable. And we are 27 agencies that never would have worked together prior to the pandemic.*
>
> (Executive Director, Ontario-based, social-service nonprofit)

Organizations also spoke of a changed relationship with funders towards a partnership-based model that became even more pronounced during the pandemic (Saifer et al., 2021). By engaging in collaborative planning with donors, these organizations had the opportunity to shape funding opportunities before they emerged, and to advocate for initiatives that were in line with their client's needs and their organizational missions. In other words, rather than modifying programs and services to fit predefined financing requirements, these organizations were able to sense and shape future opportunities thus increasing their adaptive capacities (Teece, 2014). To do so, interviewees felt it is essential to start by modifying the sector's relationship with funders:

> *Our sector has this funder-funded relationship where they tell you what to do, and you do what you do. And as long as you're delivering, you've succeeded. I don't like that. I think we should be partnering with our funders…*

(Executive Director, Ontario-based, social-service nonprofit)

Internally, organizations involved staff in decentralized and participatory decision-making, paying special attention to the inputs of frontline staff. This placed internal and external stakeholders in a position of co-creators of various projects, therefore increasing their ownership and further willingness to contribute to the implementation of said initiatives (Boelens & de Roo, 2016). The use of technology was highly instrumental in allowing this collaborative component to unfold within the tight timelines that some of these decisions took place in. Organizations made use of online communication platforms to engage larger number of stakeholders at multiple locations partake in planning and consultation meetings. For example, one interviewee noted that technology allowed them to expand beyond the typical stakeholders they usually consult with:

> *So last summer, over the course of like, four months, we did a bit of strategy sprint, with partners across the country, which was really kind of interesting… And we were able to bring people across the country who are not the usual people that come together in our work.*

(Executive Director, Ontario-based, social-service nonprofit)

Overall, this collaborative approach across all levels of the organization allowed more relevant decision-making in response to environmental changes by accessing feedback from clients and beneficiaries, proactively shaping funding opportunities and effectively combining resources with boundary partners—all of which allowed for active adaptation and greater opportunities to expand programs and services.

4.5. Conclusions: Towards a Dynamic Planning Framework - Opportunities and Limitations

The review of nonprofit planning practices shows that planning models for organizations that operate in turbulence have adapted in similar ways to what has already been identified in the for profit and public sector literature, with some additional modifications that are specifically tailored to the voluntary character of these organizations.

4.5.1. Simplified Formal Plans

This study confirms previous findings on the necessity of formal planning for managing turbulence. Additionally, similar to what Grant (2003) and others (Andersen, 2004; Andersen & Nilsen, 2009; Meissner, 2014) identified, these formal frameworks need to be simplified so they better complement other components of planning in turbulence. For example, formal plans remained essential for providing a common direction for efforts, especially for nonprofits which operate with multiple stakeholders, as well to ensure that organizations remained on track with their social objectives. The understanding that plans will often change in response to external changes required simplification of planning frameworks, with single page strategic plans and removal of unproductive and robust planning exercises.

By defining mission and value-based objectives, the planning process enabled clear contribution of each strategic plan to the organizational mandate, avoiding mission drift despite the large number of new initiatives these organizations pursued. Shorter planning horizons allowed for greater relevance of formal plans to a changing environment, as well improved responsiveness to changes in social and economic policies. Broad, yet well-defined objectives provided clarity on what an organization wants to achieve and the key values underpinning organizational efforts, while a flexible approach to strategies allowed room to continually adjust for the most effective ways of getting there.

4.5.2. Integrative Planning Models

Just like their for-profit counterparts (Hughes & Hodgkinson, 2019; Ocasio & Joseph, 2008), nonprofits have integrated emergent strategizing with formal planning in their approach to managing turbulence. However, emergent strategizing was not limited to small-scale, incremental adjustments as seen in public entities (Pasha & Poister, 2017), but comprised a more widespread approach based on experimentation and trial and error, similar to the action frameworks proposed for hyper-dynamic industries (Chakravarthy, 1997)

In their study of decoupling in nonprofits strategies, Hwang and Bromley (2015) noted that a key source of dissatisfaction with strategic plans came from the fact that they would soon lose relevance due to changes in the organizational context. To counter these perceptions, the

organizations in this study took conscious steps to educate their stakeholders of emergent strategizing as a valid component of plans rather than an indication of their failure, thus opening room for plans to continually evolve along existing circumstances, based on increased alertness on changes in the environment.

4.5.3. Resource Orientation

The focus on organizational resources as a key source of competitive advantage in turbulence prevailed among studied organizations. Similar to the extended resource-based view (Barreto, 2010) and knowledge-based theories, emphasis was placed on continued development of human resources through organizational learning, the creation of a culture supportive of entrepreneurship and innovation. While integrative, simplified, and collaborative planning may provide the setup for effective plans to emerge, successful adaptations inevitably depended on the content of any decision, pointing to the importance of the people factor in identifying and grasping new opportunities. Dynamic capabilities have long been discussed as a source of sustained advantage in complex environments (Teece, 2014). The strategic planning systems in these organizations provided the necessary conditions for sensing, shaping and seizing opportunities by developing plans that are open to modification, creating partnerships with funders and other organizations to shape future possibilities and investing in the entrepreneurial capacities of their organizations by supporting a culture of learning, strategic thinking and experimentation.

4.5.4. Action Planning

A fast pace of change in an environment means more threats to the stability of an organization, but also implies greater number of available opportunities than in stable settings. This study confirms the suggestions made by Eisenhardt and Dull (2001) as well as Chakravarty (1997), that effective adjustment to hyperdynamic contexts would include the pursue of multiple opportunities, quick responses based on simplified decision-making principles and a strategy based on trial and error. While these suggestions were made for the information industries, they seem to function quite well in the nonprofit space. What was missing from this work, however,

were clear criteria on which opportunities to pursue, as well as when to exit and abandon certain possibilities. These decisions were made on the broad implications of existing strategies, while organizations pursued as many opportunities as possible subsequently abandoning those with lesser benefit. Such an approach required intensive communication, so it would be interesting to see if the simple rules framework could possibly ease this process by defining some of these concepts in advance.

Eventually, complexity and dynamism in the environment speak to change as a constant characteristic of the environment, rather than as a specified, external event (Grønbjerg et al., 2021; Ott et al., 2017). This means that strategic planning needs to be carried out in anticipation of, and acceptance that, strategies will be gradually developed through implementation rather than set in advance (D'Aveni et al., 2010). Action planning, i.e., planning though trial and error is necessary for reaching equilibrium with such environments, since the unpredictability of the turbulent systems means that points of balance, even though attainable, cannot be predicted in advance (Stacey, 1995).

4.5.5. Collaboration

A key issue in strategy development for complex systems is the large number of actors in a system and the inability to predict their actions as circumstances change. Nonprofits have two traits that make them especially vulnerable to turbulence: the large number of stakeholders that are strongly involved in decision-making (Balser & McClusky, 2005; Crittenden et al., 2004; Van Puyvelde et al., 2012), coupled with resource dependency that brings lack of control over organizational actions (Sidorovska, 2020).

By approaching planning in a collaborative manner, these organizations were able to establish better control over some of these contingencies: through partnerships with funders and other organizations working in similar fields, the studied organizations had the opportunity to shape funding opportunities and to coordinate actions with those of other interdependent actors, and, in this way, reduce unpredictability in their immediate surroundings and avoiding unnecessary overlap and competition. At the same time, by continually engaging with their clients, staff, and communities, these organizations were also able to intercept changes in client needs and adjust timely and accordingly, maximizing the efficiency of their transformation

processes. Eventually, by involving these different partners into the decision-making process they gained legitimacy and ensured willingness of various stakeholders to contribute to their pursuits (Innes & Booher, 2010). In the end, assuming that in turbulence any strategy will entail a certain amount of trial and error, these organizations' coupling with important stakeholders allowed them to reduce the number of errors in the pursuit of their strategic outcomes.

4.6. Implications for Theory and Practice

This study contributes to the nonprofit management literature by identifying components of a strategic planning approach tailored for turbulence relevant to the management of third-sector organizations. It also identifies how some of the components of this approach relate to well-recognized concepts for coping with complexity in the for-profit literature, indicating opportunities for further exploration and cross-fertilization.

The COVID-19 crisis presented itself as an opportunity to explore effective planning in turbulence. However, we need to recognize that the crisis presented a specific set of circumstances that made the above-mentioned approaches possible. For example, most funders during the crisis reduced administrative and reporting requirements, and many removed spending restrictions on projects. This allowed nonprofits to redistribute funding as they saw fit, thus providing the space to pursue new opportunities or to engage in more innovation than usual (Finchum-Mason et al., 2020; Saifer et al., 2021). This means that in regular circumstances (i.e., non-COVID-19), nonprofits may be much more limited in exercising action planning, with less freedom to reorganize and experiment than has been the case during these past two years.

During the pandemic crisis, funders also moved to a much more egalitarian and collaborative approach when determining financing priorities (Finchum-Mason et al., 2020; Saifer et al., 2021), allowing community organizations not only to sense but to also shape future funding prospects. As we move away from pandemic practices, further attention needs to be placed on sustaining some of these approaches that have inevitably shown positive effects over the resilience and effectiveness of nonprofit action (Wiepking & Wit, 2020).

An important component of adjusting to external change has been the innovative and entrepreneurial capacity of people in these organizations. Yet, unstable funding sources and lack

of funding for administrative functions in these organizations often lead to staff turnover and lack of opportunities for nonprofits to build human capital (Akingbola, 2004; Hall et al., 2005). As we progress into a post-pandemic reality, we need to remain aware that turbulence is a constant in the nonprofit environment, thus the effective implementation of the practices identified above will be of key importance for the successful operation of these organizations. In this sense, it is necessary to further explore the external enablers and limitations to these approaches and make appropriate adaptations in funder policy and practice.

Chapter 5: Conclusions

This dissertation examined several broad and interrelated questions pertaining to the value of formal strategic planning that continue to impede use of this tool in the nonprofit space. This research addresses questions in both theory and practise about whether formal strategic planning can help nonprofits achieve their organizational objectives more effectively while enhancing their social and expressive functions, and by allowing them to make a bigger contribution to their social missions. The two major scholarly analysis of nonprofit strategic planning in the past 25 years (see Stone et al., 1999 and Laurett & Ferreira, 2018) have identified a major gap in research about strategic planning in the nonprofit sector: we have not been clear about the relevance or benefits of strategic planning for nonprofit organizations.

Apart from examining questions relating to the validity and relevance of formal strategic planning in the nonprofit space, this study also contributes to the strategy-as-process literature as well questions on planning in complex and turbulent environments. Specifically, the dissertation set out to examine the following questions: (1) How can strategic planning help navigate nonprofit challenges and what roles can it play for nonprofits considering the unique needs of the sector? (2) What are the key outcomes of the strategic planning process in a nonprofit organization and how do they relate to planning process design? How can such planning process outcomes contribute to effective nonprofit management and organizational performance? and (3) How has nonprofit strategic planning adjusted to conditions of turbulence and what strategic planning practices have proved to be effective in tackling unstable environments?

In the sections that follow, I examine the empirical and theoretical contributions of this dissertation, as well as its limitations, and propose recommendations for practice and further research.

5.1. Empirical and Theoretical Contributions

This dissertation contributes to three broad and interrelated areas of the literature. First, it contributes to questions of nonprofit strategic planning and management, by examining the roles,

outcomes, and value of strategic planning in these organizations. By doing so, it also advances our understanding of the strategy process and its provisions as a key determinant of organizational performance. Eventually, the study contributes to questions of managing complexity in the nonprofit space by drawing on and advancing theories from the public and for-profit management realm.

5.1.1. Strategic Planning and its Relevance to Nonprofit Needs

This section summarizes the contributions of this dissertation towards the first research question: what are the governance and management challenges that nonprofits face, and what are the benefits and roles that strategic planning can apply to such challenges?

As argued in Chapter 2, one way to determine the relevance of strategic planning for the nonprofit organization would be to explore the linkages that exist between the specific needs and complexities in the management of these organizations, and the functional roles of strategic planning as identified so far. Following Oster (1995) and a comprehensive review of the nonprofit governance literature, Chapter 2 identifies several specific challenges that derive from the way the nonprofit sector has been established, such as its non-distribution constraint and its positioning as a private organization that serves a public purpose. These challenges include a large number of organizational constituents with substantial influence over organizational decision-making, lack of control over the allocation of organizational resources, a simultaneous pursuit of both social and economic objectives, and a fairly informal organizational structure, culture and processes. The theoretical analysis was further used to compare and contrast relevant sector needs with several well-established roles of strategic planning, thus reiterating their importance for the voluntary organization - not despite, but rather because of its nonprofit character. This summary of nonprofit needs and challenges, also serves as a starting point for future scholarship interested in examining the application of various other tools and approaches in these organizations.

It also needs to be noted that previous examinations of the relevance of strategic planning in the nonprofit realm have so far not accounted for the changed nature of the strategic planning process (Wolf & Floyd, 2017; Grant; 2003), and instead modelled a more traditional and bureaucratic approach to discuss its application in the nonprofit domain (Kong, 2008; Paarlberg

& Bielefeld, 2009). This study uses a more socialized perspective of formal strategic planning with its more recently recognized roles of integration, communication, and commitment apart from its early functions of direction and control (Wolf & Floyd, 2017).

The analysis suggests that the informative and integrative role of planning can contribute to better alignment of social and economic objectives, improved communication, and information exchange among various stakeholders, as well as opportunities to coordinate dispersed decision-making while also offering greater awareness of circumstances that translates in an increased ability to manage organizational resources (Chapter 2). The ownership and legitimacy associated with formal planning relate directly to the complexities of nonprofit stakeholder management, ensuring support and future access to resources while sustaining a common understanding and dedication to organizational priorities. Eventually, planning functions such as direction and control speak to issues related to the introduction of management tools in the sector by improving operational effectiveness and resource management, and further contribution to accountability and transparency. Notwithstanding the contributions of institutional theory in the sector, this analysis calls for a greater recognition of the functional perspective when discussing the relevance of strategic planning in the field, and to use it as a starting point when assessing its contribution to organizational survival and wellbeing.

In summary, while effectiveness and efficiency have been understood as the basic rationale for the introduction of strategic planning (Helmig et al., 2004; Moore, 2000), its recent evolution to a simplified and more socialized process focused on learning, integration and coordination suggests a variety of other functions that make sense for nonprofits, and that can directly respond to equally important questions of values, legitimacy and coordination of multi-actor and multi-purpose complexities.

The literature review also showed that, quite often, nonprofit management entertains the idea that an informal and organic approach might be better suited to manage these organizations, due to their benevolent and value-based character (Mulhare, 1999; Frumkin & Andre-Clark, 2000). Yet the complexities outlined in this analysis demonstrate that nonprofit management and governance are an extremely complex endeavour that is difficult to achieve in a disorganized and unsystematic manner (Hwang & Powell, 2009). Chapter 3 explains the benefits of a rationalized approach by pointing out that outcomes of the strategic planning process are significantly

reduced in organizations that do not take a formal approach to strategy implementation and control. In this sense, one could argue that it is specifically the nonprofits' informal nature and lack of incentives for operational efficiency resulting from the non-distribution constraint that increase the many benefits associated with formalized organizational processes, and which bring greater control and order to control resources and mission achievement (Maier et al., 2016).

Another open question concerns how strategic planning can affect mission attainment. While some authors (Stone et al., 1999; Siciliano, 1997) have found it to contribute to social objectives, others (Guo, 2006; Crittenden et al.; 2004) have not found such evidence. Chapter 3 contributes to these conversations by focusing on the proximal outcomes of the strategy process to identify a positive relationship between the planning process and mission impact and examine some of the processual mechanisms that contributed to such outcomes. Organizations participating in the study found the planning process to contribute to greater mission attainment by enabling better understanding client needs, feedback on the relevance and quality of services and programs and opportunities to learn and enact new mission-related prospects. My findings suggest that organizations seem to be better able to identify which programs made the greatest contribution to their mission, and to understand how to adjust programs to better fit client demands, as well as identify programs that are outside the organizational mandate (Chapter 3).

I note that internal and external analysis (e.g., SWOT), and especially the inputs received from consultants and institutional partners on trends in the nonprofit environment, have given these organizations a better understanding of whether and how to adjust their social priorities and increase their outputs with limited resources. Operational effectiveness outcomes as organizations took time to collectively review organizational practices, policies and routines eventually contributed to optimized allocation of resources, allowing more opportunities to invest in social objectives. While a major concern has been whether the pursue of economic priorities will mean neglect of the social mandate (Frumkin & Andre-Clark, 2000; Salipante & Golden-Biddle, 1995), this study suggests that the strategy process resulted in greater resource efficiency, rather than prioritization of economic concerns over mission-related action.

Finally, a large question that remains to be explored is the relationship between strategic planning and organizational performance. While this study does not attempt to answer this

question directly, it does shed some light on the topic by exploring the proximal outcomes of the strategy process that have not previously been empirically examined in nonprofit research.

Performance is a concept that is difficult to measure in all organizations (Amoo et al., 2021), but increasingly more so in nonprofits due to their dual bottom line. One way in which performance has been defined in the nonprofit sector is through access to resources (Stone et al., 1999; Crittenden al., 2004), which can encompass both social and economic perspectives as such access would be inevitably dependent on ensuring social legitimacy i.e., perceptions of mission contribution as a precondition to access funding. The analysis of proximal outcomes of the nonprofit strategy process in Chapter 3 perhaps offers evidence for an indirect exploration of this relationship by suggesting several groups of outcomes with relevance to the acquisition of resources. These include operational effectiveness and mission-related action that directly feed into performance, but also social outcomes such as legitimacy and ownership among internal and external stakeholders, suggesting increased willingness by various stakeholder groups to support the organization with their time and resources.

My research also identified organizational promotion as result of the strategy process, which can increase the capacity of organizations to sense and seize future opportunities, along with cognitive outcomes and greater awareness of the organizational environment. The study also identified "soft" contributions that can help performance, such as invigoration, hope and confidence among the participants of the process that increase motivation to support the organizational mandate.

5.1.2. Strategy Process Outcomes as a Function of the Characteristics of the Planning Process

This section summarizes the contributions of this dissertation that relate to the second research question: What are the key outcomes of the strategic planning process and what is their contribution to effective nonprofit management and governance as a precondition to long-term organizational resilience and performance? How do these outcomes relate to the characteristics of the planning process, especially participation, decentralization, and formality?

Planning Process Outcomes

This study makes a further contribution to establishing the value of strategic planning in the sector by introducing the strategy-process perspective that so far has not been empirically examined in nonprofit research. While previous studies have indicated that simply conducting the planning process brings important gains for nonprofits such as growth and access to resources (Harris et al., 2009; Hwang & Bromley, 2015; Stone et al., 1999), it has not been clear whether the mere existence of plans allowed for these benefits by enabling access to funding, or if planning itself resulted in such outcomes (Stone et al., 1999). Chapter 3 contributes to these questions by identifying the proximal, immediate outcomes of the strategic planning process, their dependency on certain characteristics of the process and clarifies the roles these outcomes can play towards organizational survival and growth. While some of these benefits have been previously identified in the literature, thought on this subject has either been theoretical (Bryson, 2010) or outcomes have generally been prescribed to the overall implementation of strategic planning, rather than the process itself (Mchatton et al., 2011; Ogliastri et al., 2016; Sharp & Brock, 2010; Stone et al., 1999).

A case-study examination of the outcomes of planning in social-service nonprofits finds four broad categories of outcomes resulting from the planning process. For example, cognitive outcomes pointed to the role strategic planning plays in organizational learning, including exchange of information, reflection and sensemaking and the development of individual and organizational capabilities for future emergent strategizing. Nonprofits used the strategic planning process as an opportunity to gather information about their operating environment by conducting a more comprehensive and holistic organizational analysis to help decision-makers make sense of issues and generate ideas and solutions, that also serve future decision-making as circumstances change. This is important for smaller nonprofits in particular because of the common lack of resources that would be needed for a more systematic analysis (Mara, 2000). For all nonprofits examined in this research, it is apparent that the strategic planning process served as a key tool to access information about organizational context, clients and trends in the environment in which they operate. The analysis and conversations that took place during the planning process also served as a resource to come back to when contemplating future decisions as circumstances change.

The planning process also led to information exchange and coordination among various stakeholders which helped to ensure a common understanding of organizational issues and priorities as well to ensure joint focus in directing their efforts. This side benefit of strategic planning demonstrates the valuable influence of the strategy process for stakeholder management and integration, not only in the sense of providing symbolic objectives to include various stakeholder interests (Harris et al., 2011), but also as a tool for stakeholders to collaborate together on issues concerning the organization.

The operational outcomes identified in this study pointed to increased operational effectiveness and mission attainment capacity, as organizations took a deep dive into organizational processes, structure and routines and were able to identify and address inefficiencies, something that was highly pronounced in organizations that did not take deliberate steps to implement the organizational strategy. Considering nonprofits are often faced with detrimental demands for capping administrative expenses, this specific function of strategic planning is essential as it provides at least some leverage for these organizations to be strategic and mindful when tackling these issues.

The strategic planning process also contributed to a series of social outcomes by building relationships and partnerships among different stakeholders, thereby increasing ownership and addressing issues of accountability, all of which contributed to greater legitimacy as well. These findings confirm previous findings that legitimacy from strategic planning does not only come as result of having a plan as a normative requirement, but also from the involvement of various parties in the decision-making process (Morrison & Salipante, 2007). The ability to successfully manage constituents is essential for organizational effectiveness, especially for nonprofits, as stakeholders who feel that they are recognized and acknowledged by the organization are more willing to support the organization with time and resources (Bekkers, 2003). The planning process was also an opportunity to make joint commitments, resulting in greater accountability by the organization, but also increased willingness of actors to contribute to common objectives (Innes & Booher, 2010), especially considering its reliance on voluntary contributions.

Finally, this study identified a group of emotional outcomes, as the strategic planning process played an empowering and invigorating function in nonprofits, since organizational

members felt more confident in the future actions of the organization, ensuring greater motivation in staff, members, and the board.

Overall, one might argue that these four groups of outcomes are essential for the effective operation of voluntary organizations and as such represent the building blocks to long-term outcomes such as financial and mission performance. The strategic planning process itself helped prepare the organization for more effective implementation of the formal strategic plan (LeRoux & Wright, 2010), increased its ability for emergent strategizing, helped build partnerships with internal and external stakeholders, improved efficiency and increased the alignment between organizational actions and its societal mission. In other words, the planning process brought significantly more benefits than just the plan (Meissner, 2014) because it helped organizations navigate a variety of functions essential for its survival and growth.

In summary, there is evidence to suggest that many of the benefits related to the implementation of strategic planning in nonprofits (Hwang & Bromley, 2015; LeRoux & Wright, 2010; Sharp & Brock, 2012) can be related to the strategy process itself, therefore providing additional rationale on why simply planning, regardless of the implementation of plans contributes to survival and access to resources, as it was noted by earlier studies (Stone et al., 1999; Hwang & Bromley, 2015). However, this represents a major issue to be addressed in practice, considering the large prevalence of plans developed simply for reasons of legitimacy, in a rushed and superficial, single-person process (Bromley, 2012; Stone et al., 1993).

Implications of the Characteristics of the Planning Process

This study broadly related the proximal outcomes of strategizing to two major characteristics of the planning process: community engagement and decentralized decision-making. Community engagement, or interaction with clients, communities, donors and partners, was a way to gather information and solicit feedback which contributed to knowledge management and mission attainment, but also social objectives such as legitimacy and accountability, while also creating opportunities for promotion and development of new partnerships and collaborations. The second component, decentralization of decision-making - i.e., diversity in the planning team - allowed for greater exchange of information, increased ownership and internal legitimacy,

boosted outcomes relating to operational effectiveness as well as team building, relationship development and contributed to emotional outcomes such as confidence and hope.

In other words, while this study points out the importance of strategy process outcomes, these can only be achieved by implementing a quality participatory process, which is often not the case considering many nonprofits' tendencies to plan for the sake of having a plan, often only in response to external requirements (i.e., as a condition of funding) (Stone et al., 1999; Sharp & Brock, 2010; 2012). These findings also further emphasize questions of how we plan as a determinator of strategic planning effectiveness, rather than what tools we use or the strategy content itself (Meissner, 2014).

Strategy implementation is an often-neglected aspect in strategy research despite being a precondition of overall strategy effectiveness and an important moderator of the link between strategy and performance. Strategy implementation is also a multidimensional concept (Amoo et al., 2019). While this study does not account for whether or how strategy was implemented in organizations, it does contribute to strategy implementation theory by assessing the influence of formality in strategy implementation over the acquisition of proximal outcomes in the planning process. This study finds that organizations which took an unstructured and organic approach to strategy implementation - i.e., by not developing operational plans and monitoring and implementation frameworks - noted substantially lower levels of all proximal outcomes, with the exception of those related to operational effectiveness (Chapter 3). This perhaps suggests that in the lack of opportunities to systematically address organizational routines, structure and processes which are usually the first steps in strategy implementation (David, 2011), organizations dedicated a large part of their strategy formulation process to attend to these questions. Even more interesting is the finding that these same organizations had the lowest levels of social and emotional outcomes, despite earlier studies suggesting that an organic approach to strategy will benefit nonprofits and may be more relevant to the achievement of social outcomes (Frumkin, 2002).

A key contribution of this thesis is the direct identification of consultative and participatory planning as the basis for a comprehensive portfolio of strategy process outcomes, that have not been systematically identified with prior empirical research. Additionally, the study identifies process formality, and more specifically the formal approach to strategy

implementation as a strong moderator of the relationship between consultative and participatory processes and said proximal outcomes.

5.1.3. Nonprofit Planning in Turbulence

This section emphasizes the contributions of this study towards the third research question: How has nonprofit strategic planning adjusted to conditions of turbulence and what strategic planning practices have proved to be effective in tackling unstable environments?

When it comes to planning in turbulent environment, the findings presented in Chapter 4 suggest that nonprofit planning models have evolved in similar manner as those in the for-profit sector with some minor differences. Similar to findings by Grant (2003) in his analysis of effective planning models in the oil industry, I found that strategic planning in the nonprofit domain would benefit from the simplification of planning frameworks. This includes shorter planning horizons (Grant, 2003), less detailed planning documents, few broad objectives (Grant, 2003; Eisenhardt & Sull, 2001; de Roo et al., 2016) and a more flexible approach to strategies based on changing conditions (internal and external).

This study also finds that nonprofits would benefit from investing in the entrepreneurial capabilities of organizations. This includes both building the intellectual capital of their human resources (Kong, 2008; Hughes & Hodgkinson, 2019), and the creation of a culture that is supportive to innovation and changeability, such as enabling decentralized decision-making across different organizational levels and a culture of experimentation, acceptance of errors and a learning-oriented attitude (Teece, 2014; Bryson, 2010).

Chapter 4 also identifies that action-oriented approaches such as the strategy of "simple rules" (Chakravarty, 1997; Eisenhardt & Sull, 2001) can be viable in the nonprofit space, especially in circumstances of extreme and rapid change. However, such an approach built on "trial and error" should be used with caution as its implementation would necessitate an ongoing adaptation of both social programing and resource allocation. This may not always be possible outside the particularly flexible and accommodating funder policies that applied during the COVID-19 pandemic (Chapter 4, but also see Finchum-Mason et al., 2020; Saifer et al., 2021).

The need for blended and integrative planning approaches, such as the combination of emergent and deliberative planning models, has already been addressed in the nonprofit management literature (Stone & Brush, 1996; Morrison & Salipante, 2007). While these studies have identified the need to use a combination of distinct planning modes, the proposed rationale for such an approach has been that multiple approaches would respond to the demands of multiple stakeholder groups. On the other hand, my research found that an integrative approach is essential for the management of nonprofit environment, not as a tool to achieve legitimacy in the eyes of different stakeholder groups by using their preferred planning approach (Stone & Brush, 1996), but rather to enable an ongoing adjustment within a predefined strategic direction (Andersen & Nielsen, 2009). In other words, an integrative approach was not only a desirable way to respond to funder demands for formal planning and member preference for a democratic and flexible decision-making, but rather a necessary component of plans to keep up with changes in the external context and circumstances.

Lastly, a major difference between effective nonprofit and for-profit planning in turbulence was the nonprofit organization's focus on collaborative planning approaches, as exemplified in networking and partnership building. Organizations involved in this study were able to leverage a collaborative relationship with funders and other institutional partners and in this way achieve greater control over organizational resources by shaping and accessing future funding opportunities, coordinating with other institutional partners for greater mission impact and increasing their responsiveness to client and community demands.

5.2. Implications for Practice

5.2.1. Implications for Nonprofit Strategizing

As this research has shown, strategic planning can bring large benefits for the management of nonprofit organizations, far beyond legitimacy and the actual access to funding that is often considered the basis for nonprofit strategizing (Bromley et al., 2015; Mulhare, 1999). These outcomes, however, will inevitably depend on how the planning process is organized. Here, I will discuss three key characteristics of the planning process examined in this dissertation and their influence for effective strategic planning.

Consultative Strategic Planning

To be effective, nonprofit strategic planning must provide opportunities for meaningful consultation with a broad group of internal and external stakeholders such as clients, community representatives, funders as well as other institutions and nonprofit organizations working in areas relevant to the organization. For larger organizations, consultations should also be conducted with frontline staff and volunteers as these groups can rarely be proportionally represented in the core planning team. Engagement with clients and communities represents an excellent chance for nonprofits to gain information about existing, but also new and emerging needs in their current and potential client base, as well as practical feedback on the strengths and weaknesses of their programs and services (Bryson, 2010). These exchanges could facilitate organizational learning as well as offer opportunities to critically reflect on current organizational programs and operations, ensuring greater alignment to the organizational mission and client demands (Ketokivi & Castaner, 2004; Schaefer & Guenther, 2016). Additionally, these interactions could provide an opportunity for clients to intervene and take part in shaping future organizational offerings, thereby increasing their ownership and enhancing the overall legitimacy of the organization. Lastly, these engagement opportunities can also be used for accountability purposes because organizations can report their previous achievements to communities, as well as promote future programs and services, and thus receive feedback or recruit new clients.

Engagement and consultation with funders and other institutional partners, on the other hand, was essential for organizations to better understand current and future trends in the organizational environment. Additionally, consulting with these stakeholders provided a forum to sense and seize future funding and collaboration opportunities, as several organizations involved in this study reported having acquired funding as result of the conversations that were part of the strategic planning process. At the same time, planning collaboratively with funders allowed nonprofits to shape future funding prospects, rather than having to tailor programs and services to already established donor priorities. By engaging with other organizations and institutions working in similar areas, nonprofits were able to identify and enact new collaborations, avoid unnecessary competition, or circumvent doubling programs and services, all of which can result in more effective contributions to their mission and mandate.

Consultations also need to be conducted with internal stakeholders that may not always be properly included in the core planning group, such as organizational members, volunteers, and frontline staff. While engagement does not yield the same type of outcomes as direct involvement in the actual formulation of the plan - i.e., emergent planning capability - it was still found to contribute to ownership and legitimacy as well as an opportunity for accountability and promotion on behalf of the organization (Langley, 1988). Another important group of proximal outcomes that consultations with internal stakeholders contributed to were operational effectiveness outcomes, as organization-wide feedback on internal processes and procedures enabled the acquisition of new knowledge and helped identify more effective ways forward (Brews & Hunt, 1999; Sirén & Kohtamäki, 2016).

One big issue related to the implementation of community engagement among the studied organizations was the lack of clearly stated purpose and expectations of the consultations, which did affect the quality of engagement and the level of acquisition of some of the identified proximal outcomes (Chapter 3). As previously noted, nonprofits often have a strong culture of democratic decision-making where all stakeholders can have strong perspectives and sometimes try to influence organizational decisions (Bigelow et al., 1996). On the other hand, stakeholder legitimacy is essential to the survival of these organizations as it directly applies to their ability to access resources in their environment (Crittenden et al., 2004; Wellens & Jegers, 2014).

While consultative planning processes were essential for generating many of the beneficial outcomes of the strategic planning process, my research also found that unclear objectives and expectations did result in misunderstandings around how such contributions will be used, which led to frustration among participants in some of the studied organizations and possibly diminished positive outcomes (Healey et al., 2015). It seems that among these nonprofits, there was a general tendency to collapse consultation and participation into a single concept, therefore creating the impression that the conclusions from any engagement will directly be applied to the strategic decisions, which was often not the case, as final decisions considered a multitude of other factors and aspects.

In conclusion, organizations need to clearly distinguish between consulting with their stakeholders and conducting decentralized decision-making as two separate processes, both of

which need to have clear objectives and expectation in order to garner positive process outcomes (Bryson, 2003; Bryson et al., 2012; Healey et al., 2015).

Participatory and Decentralized Decision-Making

Participatory and decentralized decision-making was key to effective planning processes and an essential contributor to all types of cognitive outcomes including knowledge management, reflection and sense-making and the creation of emergent planning capability. Participatory and decentralized decision-making in this study referred to a planning process conducted by a planning team consisting of people from various organizational levels, including board members, senior and middle management, as well as staff and volunteer representatives (Bryson, 2017). These planning teams significantly shaped the plan as the final product.

Participants in the planning process were able to access new information, share their own opinions, and create new knowledge by engaging in a process of dialogue across different organizational levels (Innes & Booher, 2015). Additionally, while consultations provided great inputs and new information, wider participation in the actual decision-making enabled a more inclusive process of sense-making thereof increasing creativity and opportunities for innovation. Eventually, the learning and ideas developed through the planning process contributed to intellectual capital that could be used as circumstances changed and new opportunities arose (Sengupta et al., 2016; Sirén & Kohtamäki, 2016). Wider participation in the planning process also provided opportunities for critical reflection and sense-making on programs and services, organizational processes and routines, from both personal information as well as data gathered through consultations and environmental analysis, contributing to greater consistency of organizational action with social priorities. Participation also affected social outcomes, especially ownership and relationship building across the organization, resulting in social and political capital for the future (Langley, 1988). Indeed, participation seemed distinctly related to the emotional outcomes of the planning process as people felt inspired and reinvigorated to further contribute to the work of the organization, while also feeling more confident in the decisions that were made.

As previously noted, the benefits of participation are directly related to who participates in the process and the quality of deliberation (Bryson, 2003; Bryson et al., 2012; Quick & Sandfort,

2014; Shipley & Utz, 2012). Consequently, a larger number of participants in the core planning group will inevitably bring positive outcomes to greater number of organizational members. On the other hand, effective participation requires limited number of participants (Bryson et al., 2012; Quick & Sandfort, 2014), while at the same time the involvement of each additional organizational member will also require the organization to ensure the resources, such as time needed to enable such participation, meaning these questions need to be carefully considered by the organization conducting the process.

Lastly, to enable participatory outcomes organizations need to enable an authentic process of dialog and interaction to develop (for more details see Innes & Booher, 2010). Reviewing the conditions for quality participation is beyond the scope of my research. However, it is worth noting that certain aspects, such as clear objectives, a clearly defined process, autonomy of the group to make decision, and the creation of conditions for dialogue among participants will be positively reflected in process outcomes (Healey et al., 2015). While this study found that the outcomes of participation were enhanced by allowing more time for the process to unfold (Chapter 3), these resources are always scarce, which means that organizations need to find a fine balance between the time they are able to invest in the process, and the achievement of desired outcomes.

Formality of the Planning Process

A key recommendation derived from this study is the importance of formality or an intentional approach to strategy implementation. Organizations that operationalized their strategic plans and integrated them with organizational and individual work plans, as well as monitored and controlled the implementation of strategy, experienced greater gains on all proximal outcomes of the planning process except for operational effectiveness outcomes (LeRoux & Wright, 2010). This is not to say they were less efficient in their operations, but rather that the planning process itself yielded fewer outcomes related to operational efficiency. One explanation for this might be that due to greater formalization of their organizational processes through regular development of work plans and performance frameworks, these nonprofits had reduced necessity to examine internal practices and routines, eventually noting smaller outcomes on this account due to lesser need. With regard to other factors, this study found that process outcomes were much more

pronounced as participants were better informed on aspects of strategic planning, were more satisfied with the planning process, had a strong impression that planning contributed to their own learning and ability to navigate future challenges, and gained a greater sense of contribution towards the nonprofit mission and performance.

It is interesting to note that social and interpersonal outcomes, including ownership, legitimacy and rapport building, as well as emotional outcomes, were also more pronounced in the more formalized nonprofits, despite the conventional wisdom that the formality of the planning process is incompatible with the social dimension of these organizations. While organizations with less formal approaches to strategy implementation reported similar types of outcomes, the strength of such outcomes was often displaced due to feelings of dissatisfaction and confusion regarding many aspects of the work of the organization (Chapter 3).

In summary, while most of the planning process outcomes identified in this study were mainly related to consultation and decentralized decision-making, their strength was highly moderated by the level of formality in the organizations' approach to strategy execution. To conclude, strategic planning can be extremely valuable for nonprofits on various accounts. However, to achieve such outcomes organization need to be mindful of how the planning process is conducted. This includes conducting carefully organized and deliberated consultative and participatory planning, but also making sure to systematically approach plan implementation to ensure the potential of the implementation process is sufficiently exhausted.

5.2.2. Planning in Turbulent Environments

There is considerable room for nonprofits to adjust their strategic planning models to better fit the turbulence that characterizes their operating environments. One way to do this would be to use simplified planning frameworks. Nonprofits would benefit from shortening the duration of their plans to keep them relevant to changes in the social and economic circumstances, as well as the changes instigated by different stakeholders in their field. Additionally, since in turbulence plans become documents that are constantly modified to fit a moving reality, single-page plans and simplified, rather than complex and bureaucratic frameworks, could help ensure that organizations have a clear blueprint on where they want to arrive without investing tremendous resources in something that gets constantly modified. Such a streamlined approach would be

especially beneficial for smaller organizations which often do not have the capabilities to navigate and administer complex planning frameworks (Bromley et al., 2015).

Being clear on what the organizations want to achieve is an important aspect of effective planning in turbulence. Here, too, creating several broad, yet specific objectives representative of organizational values and mission can provide sufficient guidance. On the other hand, strategies and actionable steps on how to get there need to remain flexible and adapted as circumstances evolve (Grant, 2003). In a way, simple, medium-term planning frameworks that will outline a clear, mission-related destination will both provide enough structure to keep direction in times of turbulence, while also being flexible enough to allow adjustment in response to changes in the environment. Simplified frameworks need to be complemented with regular strategy reviews to facilitate the emergence of strategies and tactics, while formal work plans and monitoring frameworks will ensure greater control and efficiency in their implementation (Thomas & Ambrosini, 2015; Seasons, 2021).

In addition to simplified planning, organizations would benefit from recognizing emergent strategizing as a valid component of strategic planning, rather than an indication of its malfunction. Overall, the sector has often been hesitant about the value of plans as their relevance is often rapidly eroded in the face of external change (Hwang & Bromley, 2015). However, it seems that practitioners already recognize that a planning approach that integrates formal and emergent strategizing is more effective in situations of turbulence as it provides both guidance and flexibility. Consequently, nonprofits can benefit from a changed perspective on emergent and incremental planning.

To achieve this, nonprofits need to educate their stakeholders, especially funders, board members, and staff to acknowledge and recognize incremental and *ad hoc* adjustments to plans as a regular component of planning. Effective incremental strategizing will also require routes for decentralized decision-making outside of planning cycles (Hughes & Hodgkinson, 2019; Schaefer & Guenther, 2016), so people at various roles in the organization are able to take initiative to adjust programs and services, apart from top-bottom alterations done by board and management.

The ability to continually adjust strategy, however, is highly dependent on an ongoing awareness of changes in context. Organizations involved in this study suggested that despite

attempts to be well informed of circumstances in their environment, this was difficult to achieve considering the resources they have available. Additionally, while nonprofits continue to gather both internal and external data throughout the year, that information is often disjointed and does not provide a comprehensive image of changes in context (Chapter 3). Nonprofits should therefore consider organizing more comprehensive strategy reviews that will include steps for a systematic analysis of their external and internal environments in ways that would be most resource-effective, such as invited inputs from external stakeholders, to ensure the organization is continually well informed of changes in its environment.

In the essence of emergent strategizing lies the organizational ability to sense and seize future opportunities, and adjusting existing strategies and forging new ones (Hughes et al., 2019). Similar to the for-profit domain, making these adjustments requires capacity for innovation and entrepreneurship. To build such capabilities, nonprofits need to invest in proper planning processes (Chapter 3), but more importantly work on creating a culture that is supportive of experimentation, innovation and a general culture of readiness for change (Chapter 4).

In the end, the value of collaborative planning is well recognized in the nonprofit realm (Boelens & de Roo, 2016; Clarke & Fuller, 2010; Deyle & Slotterback, 2009; Ordonez-Ponce et al., 2020). This study confirms that a collaborative and partnership-oriented approach also make sense for the management of turbulent settings. By connecting with funders and institutional partners, organizations have the opportunity to sense and seize incoming opportunities, coordinate the allocation of resources to avoid competition and overlap, and collaborate on issues they are unable to tackle independently. In this sense, nonprofits are advised to regularly invest in partnerships and collaboration, especially with funders and institutional partners, as this can allow them greater control over future resources and could be an important avenue to tackle their dependency.

While these recommendations may make a lot of sense for the management of turbulent environments, they may not be easily attainable for many nonprofits. Obstacles could include a of lack of resources to enable all components of the planning process, as well as external limitations such as funder demands and requirements which may not be as flexible as they were during the pandemic (Saifer et al., 2021). On the other hand, some of these recommendations

seem quite feasible for many nonprofits. A simplified and less bureaucratic planning process would be better suited to smaller and less professionalized organizations as opposed to stricter and more bureaucratic planning frameworks. Conducting consultative and decentralized planning processes can contribute a variety of benefits that may aid the management of turbulent settings, from the creation of knowledge and capacity for future strategizing to greater collaboration and partnership with various stakeholders. Accepting an integrative planning model where plans are both decided in advance but also continually modified and adjusted will fit the less rationalized approach present in these organizations and provide leverage to respond to opportunities that arise, and partnerships and networks can help build supportive infrastructure and social and political capital to help seize existent and create new opportunities.

5.2.3. External Contingencies and Power Imbalances

While this thesis has specifically focused on the internal capacity and limitations of nonprofits to effectively use strategic planning despite contextual challenges, we also need to recognize that there are major external contingencies that can complicate nonprofits' capacity for effective management. While strategic planning can be an important tool to counter some of those constraints, questions of power, funder and donor practises and various regulations continue to mould and constrain the nonprofit capacity for effective management. For example, funders are a major stakeholder in the nonprofit environment and a key source of resources that are necessary for these organizations to be able to implement their missions and programs. There are several ways in which funder behaviour and practices can support and enable changes to achieve more effective nonprofit management and governance.

While I have discussed the importance of strategic planning for nonprofits, its implementation requires large effort and resources. At the same time, the size of the organization does not really determine the amount of resources needed as the process does not become less expensive or resource intensive when done for a smaller organization (Chapter 3). This places smaller nonprofits in an especially disadvantaged position because of the amount of resources they need to set aside to conduct a quality planning process. On the other hand, while funders are sometimes prepared to finance strategic planning as part of organizational development efforts (Gratton, 2018.), such support is often limited to the implementation of the initial planning

process, without further support for operationalization, control and performance management, as well regular strategy reviews (Ayer & Anderson, 2022). Support also often does not include staff time needed to conduct the process.

Strategic planning is also a skill that needs to be acquired (Brews & Purohit, 2007), and therefore organizations that do not have a large experience in strategic planning would initially need more permanent support to develop the competencies and fully integrate planning within their organizational processes. Restrictive funding, which is often a large portion of the revenues received by social service nonprofits, also does not typically allow these organizations to freely allocate resources on infrastructure, administrative and managerial roles or activities related to organizational development (Wiepking & Wit, 2020).

Administrative expenses, usually awarded in grants and contract are often capped at 5-10% of the total allocation, make up a negligible amount to cover infrastructure and organizational development needs, especially for community organizations with smaller contracts. Unrestricted funding, on the other hand, can be allocated for strategic planning purposes, but such funding is unpredictable and hard to acquire and often vastly needed to support other mission-related functions (Gronbjerg, 1991).

However, when considering the relevance of quality strategic planning processes, nonprofit funders can take a major role in supporting the long-term survival and growth of these organizations. This can include investments in nonprofit capacities for strategic planning by providing a more comprehensive support to conduct the process or increased allocations for administration purposes that can substantially strengthen the nonprofit's ability to conduct proper planning processes (Ayer & Anderson, 2022; Thornton, 2010).

The COVID-19 pandemic has shown that there is room for a different approach in the funder-funded relationships. Faced with the enormous disruption brought by the COVID-19 crisis, funders converted restricted to unrestricted funds which allowed organizations to experiment and reallocate resources as they see fit, reduced or completely abandoned application and reporting requirements, and permitted a more equal partnership when devising new projects and initiatives. They also showed greater sensibility to nonprofit challenges by allowing organizations to invest in infrastructure which had a major influence on the adaptive capacities of these organizations (Finchum-Mason et al., 2020; Saifer et al., 2021; Sato et al., 2020).

This study found that it is exactly these changes in funder behaviour (Chapter 4) that truly enabled the action oriented, experimental, and flexible approach of nonprofits to tackling the crisis, and which allowed for important components of the model described above to emerge and set foot. In other words, power disbalances and the restrictive approach to controlling nonprofit contribution and impact can lead to a complex web of challenges where nonprofits can hardly ever win, as their dependency on resources and their subordinate roles coupled with large expectations over their public contributions continues to undermine their capacity to effectively run operations long-term. On the other hand, while pandemic-related adjustments in funder behavior have shown the positive effects of a more egalitarian and trust-based approach for nonprofits to effectively self-organize, it seems that such adaptations were short-lived as we witness a return to pre-pandemic practices (Saifer et al., 2021). Some movements do offer hope, such as trust-based philanthropy (*Trust-Based Philanthropy: An Overview*, 2021; Wiepking & Wit, 2020), however, a more determined approach in adjusting the balance between expectations and power towards nonprofits is needed to enable them to fully integrate and use the tools at their disposal.

5.3. Limitations and Further Research

5.3.1. Research Approach

A study's research approach is determined by the research question, the context and the purpose of the study, the researcher's worldview and the practical limitations pertaining to the study implementation at a given moment of time (Creswell, 2014). This study uses an exploratory, qualitative approach to examine questions relating to the implementation of formal strategic planning processes in nonprofit organizations: how they come to be, their outcomes, their broader contribution to organizational capacity and resilience, and how they could be modified to adapt to increasing turbulence in the nonprofit environment.

Chapter 3 uses a comparative case study approach for theory development on the types of proximal outcomes that result from the strategic planning process (Eisenhardt, 1989a, 2021; Eisenhardt et al., 2016; Yin, 2014). As detailed in the methods section, this approach was chosen due to the lack of previous similar studies in the nonprofit space, and the identified differences between for-profit and nonprofit organizations which limit the opportunity for transferability of

concepts. However, despite this rationale, the case study approach dictates a much more limited sample than what a quantitative study would be able to include. In this sense, it would be interesting to further examine the case study findings in a larger sample of nonprofits, and to include other subsectors and types of nonprofits. Such an approach would also provide the opportunity to examine the level of prevalence of each of the four identified categories of outcomes, as well as the intensity of their relationship with the three studied process characteristics: consultation, participation and formality.

This study focused on the three key normative characteristics of nonprofit strategic planning (Bryson, 2017) i.e., consultation, participation and formality. However, other characteristics, such as sophistication, comprehensiveness may also be of relevance to the intensity and prevalence of proximal outcomes (Hutzschenreuter & Kleindienst, 2006) and could be of interest to further research. Each of the studied characteristics could be additionally observed as a multidimensional concept (Amoo et al., 2019; Amoo et al., 2021; Healey et al., 2015), so future research could explore how different dimensions of these characteristics actually affect the types of outcomes defined by this study.

One might also consider that there is perhaps sufficient inputs in the literature that may suggest that these identified proximal outcomes would eventually contribute to long-term distal outcomes such as strategic adaptation and change (Wolf & Floyd, 2017; Hutzschenreuter & Kleindienst, 2006). However, this study did not specifically examine the link between the identified proximal outcomes and organizational performance. Future process research may choose to examine the routes and factors that enable the transformation of these proximal outcomes into second order outcomes such as organizational performance or examine the implications of each category of proximal outcomes as an organizational resource in the acquisition of long-term survival and growth.

Strategy process research recognizes three main linking strategies used in process research to connect microprocesses and macro outcomes (Kouamé & Langley, 2018). Based on the typology developed by Kouamé and Langley (2018), this study uses a correlation strategy drawing on approaches promoted by Pettigrew, Eisenhardt and Yin (Eisenhardt, 1989a, 2021; Pettigrew, 1992, 1997; Yin, 2014). The research employed a multiple case study to identify generalizable, causal links by comparing variance in approaches and subsequent outcomes.

However, other linking strategies might also be of interest to further examine the specific ways in which these proximal outcomes materialize as result of the strategy process by using progression or instantiation approaches to shed further light on the sequential relations between micro and macro-level phenomena in organizations and their embeddedness (Kouamé & Langley, 2018).

This dissertation identified emotional outcomes as a specific category of process outputs that so far has not been recognized in theoretical and empirical reviews. As the case study process has demonstrated, emotional outcomes can contribute to the confidence and motivation of individual organizational members towards future organizational action and as such can make an important contribution over the organizational capacity for strategy implementation, while also contributing to matters of ownership, legitimacy and commitment. This group of outcomes warrants further research, both to validate the presence of these outcomes through a larger study sample, and to examine the specific dimensions of the planning process that contribute to its manifestations.

My research used the COVID-19 pandemic as a proxy for examining situations of extreme turbulence. As the literature has shown, nonprofits are continually exposed to conditions of turbulence and a variety of ongoing crises that continue to enfold as we slowly exit the pinnacle of the COVID-19 pandemic (Johnson et al., 2021; Searing et al., 2021). In this sense, it would be interesting to further explore how the planning models and practices identified through this research find their application in an environment of more moderate turbulence. This becomes even more important considering the fact that funder practices were undeniably modified during the recent crisis, which allowed for the identified responses and practices to emerge (Finchum-Mason et al., 2020; Saifer et al., 2021). As the pandemic recedes, so has the flexibility of funders, potentially limiting the ability of nonprofits to be as proactive in response to changes in the environment (Lasby, 2021; Saifer et al., 2021). Further studies might be interested in how funder practices, seen through restrictive funding, predetermined funding priorities, lack of administrative finance and complex application and reporting requirements (Ayer & Anderson, 2022; Wiepking & Wit, 2020), affect the capacity of nonprofits to implement strategy approaches relevant to turbulence.

Finally, the dissertation focuses on the value of strategic planning and the adaptations that nonprofits can make in their own practice to make it a more effective tool for their own survival and resilience. What the study does not examine, however, are the external contingences that create many of the governance and management complexities that nonprofits face. In this regard, future research can take on a more critical perspective and methodological orientation to examine the underlying causes and power implications that contribute to and exacerbate these ambiguities in order to address the systemic roots that undermine the ability of the sector to achieve social impact.

In this context, various emerging approaches to organizational development and strategic planning offer further opportunities for critical examination of questions of power and structures as limitations to social impact and third sector effectiveness. For example, critical appreciative inquiry can model a planning approach by building on organizational strengths through identifying and expanding effective organizational patterns, while keeping focus on systemic causes that limit organizational effectiveness (McArthur-Blair & Cockell, 2012). Trust-based approaches to philanthropic giving, on the other hand, tend to examine and reverse deterministic and authoritative tendencies in facilitating community development, by emphasized place-based leadership and a more collaborative and equal relationship between funders and grantees. These and other models deserve further inquiry based on how they alter the baseline circumstances in which nonprofits operate, reducing their management ambiguities and allowing them greater control and freedom in the development of social justice interventions.

5.3.2. Nonprofit Size vs. Level of Rationality

Prior empirical studies clearly point out that strategic planning benefits can be of essential importance to small and medium-sized nonprofits, as they directly apply to their particular challenges and vulnerabilities (Alexander & Weiner, 1998; Ferreira, 2015; Ogliastri et al., 2016). On the other hand, these studies also point out the fact that it is exactly small and medium-sized nonprofits that face the most difficulty in the application of strategic planning due to lack of resources and experience in its practice. This includes lack of sufficient human resources to conduct the process, lack of funding to be allocated to administrative and managerial tasks, little knowledge and experience about how to conduct proper planning and overall negative attitudes

towards strategic planning as a tool more relevant to the business environment (Chapter 1). In theory, it has been assumed that small nonprofits face specific governance difficulties not only due to their multiple stakeholders and resource decennary, but also due to their size which implies specific ambiguities as result of underdeveloped organizational structure and informal organizational processes and routines (Stone & Brush, 1996), as well as more limited funding for administrative purposes.

This dissertation focused on the implementation of formal strategic planning processes in social service nonprofits, and as such it included both smaller and larger organizations (see table 1.2). It was evident from this research that both smaller and lager social service nonprofits gained similar benefits from the planning process. While the specific challenges faced by small nonprofits in the implementation of strategic planning were not the focus of this study, it is interesting to note that the research findings did not contain indications that the planning process was more challenging in smaller rather than in the larger organizations examined. Rather, it seemed that key difficulties and less pronounced strategy process outcomes were noted in those organizations that did not implement strategic planning as part of a wider strategic management process, taking a more organic approach to strategy implementation and control.

One theory to explore around this might be that the difficulties in implementing planning come not as result of organizational size, but rather from compartmentalized approaches in the adoption of management tools (Beck et al., 2008) and lower levels of formalization in the strategic management process (Chapter 2), which might, but does not necessarily have to happen in smaller organizations. In other words, it seems that more rationalized organizations that implemented strategic planning as part of a wider strategic management process found greater benefits and lesser challenges in implementing formal planning that those that had a more organic view at strategy implementation and control, regardless of size. This does not necessarily mean that smaller nonprofits had lesser issues in implementing strategic planning overall, as constraints such as low administrative overheads and limited human resources apply here regardless, but rather that they managed to place such issues under control and arrive at an effective planning process. Further studies might start by questioning whether the difficulties related to the implementation of planning in the sector are determined by size or the level of formalization and comprehensiveness of the overall strategic management process, which might often, but not necessarily always, overlap.

5.4. Final Considerations

The purpose of this dissertation was to explore the broad question of value of strategic planning in the nonprofit space as a way to review, integrate and test extant scholarship and knowledge pertaining to the application potential and implications of formal planning processes in these organizations. Additionally, this study undertook an empirical investigation of formal strategic planning processes in nonprofits to identify their proximal outcomes and implied value for the long-term survival and growth of nonprofits. This dissertation also examined issues of effective formal planning for the turbulent environment nonprofits operate in, in response to a common concern of nonprofit managers: Is planning worth it in the nonprofit context where circumstances constantly evolve and change? (Hwang & Bromley, 2015).

These matters are rooted in some of the key dilemmas that need to be examined in the nonprofit management literature: Is strategic planning relevant for the specific management needs of the nonprofit organization (Gee et al., 2022; Hume & Leonard, 2014; Kong, 2008; Laurett & Ferreira, 2018)? Can it contribute to issues of efficiency and effectiveness, without compromising the social and expressive functions of the sector (Suykens et al., 2019; Wellens & Jegers, 2014)? Does strategic planning make sense for nonprofits considering their dependencies and the level of turbulence in their environment, which often implies formal plans lose relevance soon after completion (Hwang & Bromley, 2015; Paarlberg & Bielefeld, 2009)?

To respond to these questions, this dissertation set several research objectives:

- To examine the relevance of strategic planning functions vis-à-vis the particular needs and complexities of the nonprofit organization.
- To explore the comprehensive portfolio of proximal outcomes of the strategic planning process in these organizations, based on common normative suggestions such as consultation, participation and formality.
- To identify approaches and adaptations of the planning process that are effective in dynamic and volatile contexts.

As such this dissertation makes several important contributions to the literature and practice on nonprofit management and strategy. This dissertation showed that strategic planning has important roles to play considering the specific needs of the voluntary organization. Such roles may overlap with the roles of formal planning in for-profits, as it is the case with *direction*

and control, or *information and integration,* or can even have more particular relevance to the needs of the nonprofits, such as the role of *commitment and legitimacy.*

In nonprofits, strategic planning can be a tool to provide direction and a framework to control the organizational contributions over vague and often intangible social objectives, while balancing between social and economic objectives. It can also be a forum for access to information from various stakeholders, coordination of strategies and decisions made at different organizational levels, enhancing internal integration and ensuring a common direction for efforts. Eventually, strategic planning contributes to stakeholder commitment and legitimacy, which has strong relevance for the ability of the nonprofit to access resources in its immediate environment.

In other words, the roles of formal strategic planning are not only relevant, but one might argue essential when we consider the idiosyncratic dependencies of these organizations. And while these roles may not hold the same relevance as in the for-profit organization, in nonprofits they are important not despite, but rather exactly because of the nonprofit character.

When discussing the implications of formal strategic planning in the sector, two studies point out an interesting anomaly. It seems that strategic planning leads to survival and growth in nonprofits regardless of whether the plan got implemented or not (Hwang & Bromley, 2015; Stone et al., 1999). One way to explain this might be that the possession of a strategic plan may increase nonprofits' access to funding, since formal plans are a common eligibility requirement. Yet, this might not be the whole story. Chapter 3 examined the proximal outcomes of strategic planning processes to identify four categories of proximal outcomes, including cognitive, operational, social and emotional. Essentially, it seems that the planning process itself helped nonprofits exchange information and create new knowledge, build capacities for emergent strategizing, increased operational effectiveness and mission focus, improved the organizational relationship with internal and external stakeholders and increased their motivation (Chapter 3). As such, these outcomes can be considered an important resource and antecedent of the future ability of organizations that plan to ensure growth and survival and might explain why earlier studies noted benefits from strategic planning regardless of whether implementation took place.

This dissertation also showed that strategy process outcomes are highly moderated by the overall level of rationalization in the internal organizational environment (Hwang & Powell,

2009; Suykens et al., 2019), including whether management practices are implemented in bundles - i.e. strategic planning as part of a wider strategic management process (Beck et al., 2008). It also showed the importance of strategic planning as a source of organizational resources and capabilities, when implemented as a carefully deliberated, consultative and participatory process.

Eventually, this dissertation also tackled questions of formal planning in complexity, to show that organizations that successfully navigated the pandemic had simplified planning practices, combined formal planning with emergent strategizing, and used an action-oriented approach of trial and error while investing in a culture of innovation, entrepreneurship and partnership building (Chapter 4). My findings suggest that once we abandon the concept of plans as the key outcome of the planning process, strategic planning can serve as a tool to help organizations continually clarify where they are and where they want to go as the context changes, identify the best ways to get there, create capacities to sense and shape future opportunities and develop the network and relationships to help achieve organizational objectives.

The findings of this dissertation suggest that strategic planning can be a valuable asset in the nonprofit space, a source of organizational capabilities that enable effective management and governance and a tool to respond to some of the key challenges of the sector. To be clear, strategic planning is not the only way to achieve these outcomes, as some of these objectives could be pursued and achieved through separate and independent routes of execution, such as programming and internal and external stakeholder engagement. At the same time, this dissertation examined strategic planning and the challenges of nonprofit management within their existing societal and systemic constraints, as a way to identify more effective ways forward. A more critical inquiry would perhaps emphasize different priorities relating to existing laws, regulations and donor and funder practices that are the root causes of many of the challenges examined in this study. Yet, looking from the perspective of how things are, and what nonprofits can do to manage current sector challenges, the advantage of strategic planning is in its provision of a clear and comprehensive framework and guidance to achieve such outcomes within a single, carefully crafted process. In other words, strategic planning is a tool, and one that has evolved to respond to many of the needs of contemporary organizations. As such, its

application represents a large opportunity for nonprofits to enhance their organizational resources and resilience.

So, with all said and done, is formal strategic planning "worth it" for nonprofits? In my opinion, undeniably so. While there is much still to explore and learn on this matter, it is about time that our focus moves from weather nonprofits should plan or not, to how should we organize nonprofit strategic planning to better respond to existing and emerging needs in the sector.

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Appendices

Appendix A: Survey Instrument

SCREENING QUESTIONS

1. **Who is filling out this questionnaire?**
   - Executive director/CEO
   - Board member
   - Senior management figure in charge of strategy
   - Other

2. **Are social services* the primary area of activity of your organization?**

   * Social service nonprofits are those that provide direct services to people in need, including but not limited to children, youth and family services; food security; homelessness services; domestic violence and immigration and refugee services.

   - Yes
   - No

3. **Where does your organization operate?**
   - Ontario
   - Elsewhere in Canada or the World

4. **Where did you hear about this survey?**
   - Imagine Canada
   - United Way GT
   - Other

NEXT

ADDITIONAL INFORMATION ABOUT YOUR ORGANIZATION

5. **For how long has your organization existed?**

- Less than 3 years
- 3-10 years
- 10-20 years
- 20-50 years
- Over 50 years

6. **How many employees does your organization have?**

- Less than 5 employees
- Between 5-10 employees
- Between 10-30 employees
- Between 30-100 employees
- Over 100 employees

7. **What are the annual revenues of your organization?**

- Less than CAN$30 000
- Between CAN$30 000 – 250 000
- Between CAN$250 000 – 1 000 000
- Between CAN$ 1 000 000 – 5 000 000
- Over CAN$ 5 000 000
-

8. **What are the sources of income for your organization? (Select all that apply)**

- Government grants and contract
- Foundation grants and contracts
- Individual donations

- Generated income
- Membership fees

9. Is your organization a registered charity?

- Yes
- No

10. For how long has your organization utilized formal strategic planning? (When was the first strategic plan of the organization developed?)

- Less than 1 year;
- 1 to 3 years
- 4 to 7 years
- 8 to 15 years
- More than 15 years.

11. How many people participated in your most recent strategic planning process?

- Fewer than 3 people
- 3 to 5 people
- Between 5 and 10 people
- Between 10 and 15 people
- Over 15 people

NEXT

STRATEGIC PLANNING APPROACH

If you are accessing this survey from a mobile phone, from this point forward you may prefer to turn your phone and use Landscape view.

The following questions refer to how strategic planning is conducted in your organization.

Please respond to the statements by choosing the appropriate option: from Highly agree to Highly Disagree

12. **Our strategy is made explicit in the form of written strategic plan.**

Highly agree Somewhat agree Neither agree nor disagree Somewhat disagree Highly disagree

13. **We develop our strategy based on a systematic analysis of our internal/external environment.**

Highly agree Somewhat agree Neither agree nor disagree Somewhat disagree Highly disagree

14. **We have definite and precise strategic objectives and goals.**

Highly agree Somewhat agree Neither agree nor disagree Somewhat disagree Highly disagree

15. **We have short-term action plans for achieving strategic objectives.**

Highly agree Somewhat agree Neither agree nor disagree Somewhat disagree Highly disagree

16. **We implement regular evaluations of progress towards strategic objectives.**

Highly agree Somewhat agree Neither agree nor disagree Somewhat disagree Highly disagree

17. **To keep in line with the changes in our environment we make continual changes to our strategic direction.**

Highly agree Somewhat agree Neither agree nor disagree Somewhat disagree Highly disagree

18. Our executive director (or another senior figure) develops and directs our strategy, sometimes consulting the top management team.

Highly agree Somewhat agree Neither agree nor disagree Somewhat disagree Highly disagree

19. We keep early commitment to our strategic plan tentative and subject to review.

Highly agree Somewhat agree Neither agree nor disagree Somewhat disagree Highly disagree

20. Our plans emerge gradually as we respond to the need to change.

Highly agree Somewhat agree Neither agree nor disagree Somewhat disagree Highly disagree

21. We develop programs and next steps by experimenting and trying new approaches.

Highly agree Somewhat agree Neither agree nor disagree Somewhat disagree Highly disagree

22. Managers/employees can make changes to short-term action plans, projects and services without senior management approving the decision.

Highly agree Somewhat agree Neither agree nor disagree Somewhat disagree Highly disagree

NEXT

PLANNING PARTICIPATION

Please assess the participation of various groups in different phases of your strategic planning process. You can choose options ranging from "highly participatory, meaning the process involved volunteers, junior, middle and senior employees to "highly non-participatory" meaning only the CEO/Board did the planning.

23. Phase of environmental analysis (SWOT, competitor analysis…).

Highly Participatory (volunteers, junior, middle and senior employees)	*Somewhat participatory*	*Neither participatory nor non participatory*	*Somewhat non participatory*	*Highly non participatory* (*Only CEO/Board))*

24. Phase of development of vision, mission and long-term strategic goals

Highly Participatory (volunteers, junior, middle and senior employees)	*Somewhat participatory*	*Neither participatory nor non participatory*	*Somewhat non participatory*	*Highly non participatory* (*Only CEO/Board))*

25. Phase of formulation of the strategic plan (development, evaluation and selection of strategies)

Highly Participatory (volunteers, junior, middle and senior employees)	*Somewhat participatory*	*Neither participatory nor non participatory*	*Somewhat non participatory*	*Highly non participatory* (*Only CEO/Board))*

26. Phase of development of short- and mid-term goals and operational plans.

Highly Participatory (volunteers, junior, middle and senior employees)	*Somewhat participatory*	*Neither participatory nor non participatory*	*Somewhat non participatory*	*Highly non participatory (Only CEO/Board))*

27. **Phase of monitoring and evaluation (assessment of progress towards operational and strategic objectives)**

Highly Participatory (volunteers, junior, middle and senior employees)	*Somewhat participatory*	*Neither participatory nor non participatory*	*Somewhat non participatory*	*Highly non participatory (Only CEO/Board))*

NEXT

COPING WITH CHANGES BROUGHT BY THE PANDEMIC

28. **How successful has your organization been in adjusting plans and actions in response to COVID-19?**

Highly successful *Somewhat successful* *Neither successful nor unsuccessful* *Somewhat unsuccessful* *Highly unsuccessful*

29. **How would you describe the current viability of your organization relative to similar organizations in your field?**

Significantly better *Somewhat better* *More or less the same* *Somewhat worse* *Significantly worse*

30. **Please rate the extent to which you agree or disagree with the following statements about how strategic planning has affected the ability of your organization to cope with the changes brought by the pandemic.**

a. **Strategic planning helped us move closer to our mission and objectives despite the current pandemic.**

Highly agree *Somewhat agree* *Neither agree nor disagree* *Somewhat disagree* *Highly disagree*

b. **Strategic planning has provided background knowledge and information which enabled us to effectively cope with the crisis.**

Highly agree *Somewhat agree* *Neither agree nor disagree* *Somewhat disagree* *Highly disagree*

c. **Strategic planning has improved our capacity to react to rapid changes in the environment.**

Highly agree *Somewhat agree* *Neither agree nor disagree* *Somewhat disagree* *Highly disagree*

d. **Strategic planning did not make any notable difference on the capacity of our organization to manage change in the environment.**

Highly agree *Somewhat agree* *Neither agree nor disagree* *Somewhat disagree* *Highly disagree*

NEXT

a) **If you are willing to be contacted for further interviews so we can learn more about the details of your organization's strategic planning process please insert your email here** [ ].

Participation in the case study will consist of one-on-one interviews with several people from your organization including the executive director or another senior figure in charge of strategy.

If you decide to provide us with your email, please be advised that your email will be removed from the dataset and replaced with a code to keep your identity confidential.

b) If you want to receive an invitation for a free webinar on nonprofit strategic planning in turbulence as well a report on the results of this study please enter your email below:

If you decide to provide us with your email, please be advised that your email will be removed from the data-set and kept in a separate file. Your email address will only be used for the purposes described above and destroyed once the information is delivered to you.

Thank you

for participating in our survey!

Your feedback is extremely valuable.

This study has been reviewed and received ethics clearance through a University of Waterloo Research Ethics Board (REB 43333*).* If you have questions for the Board contact the Office of Research Ethics, at 1-519-888-4567 ext. 36005 or reb@uwaterloo.ca.

For all other questions or if you have general comments or questions related to this study, please

contact ***Isidora Gievski-Sidorovska, School of Planning, Waterloo University*** at igievski@uwaterloo.ca ***or Mark Seasons, School of Planning, Waterloo University*** at mark.seasons@uwaterloo.ca

Appendix B: Information letter case study - Organizations

University of Waterloo

[Insert Date]

Dear ***[Insert Participant Name]:***

My name is Isidora Gievski-Sidorovska and I am a PhD candidate in the School of Planning at Waterloo University, working under the supervision of Dr. Mark Seasons. As part of my doctoral research, I recently conducted a survey on the strategic planning approaches among social service nonprofits in Ontario and the effects these approaches have on the organizational ability to navigate turbulence.

In this survey you indicated that you are willing to be contacted for the second step of this research which will consist of several case studies of organizations from the sector. With this letter I would like to invite your organization to take further part in this process.

If your organization decides to volunteer for this study, the participation will consist of several one-on-one semi-structured interviews with the executive director as well as several employees/volunteers/board members that took part in the strategic planning process.

To do this, your organization will be asked to invite organizational members that took part in your strategic planning process for individual interviews with the researcher. To help with the recruitment of study participants from your organization, in attach I am providing a recruitment letter that can be shared with members of your organization that took part in the strategic planning process along with the Information Letter. If less then 4 interviews are arranged with members of your organization, you may also be asked to send one interview reminder.

Each interview would take up to 60 minutes and is entirely confidential. The name of the organization, individual study participants or any identifying information will not appear in any reports resulting from this study. For more information on confidentiality, additional study details and what participation will involve please read the attached Information Letter.

During the interview organizational members will be asked to describe your organization's strategic planning process and share their opinion on the benefits and drawbacks of the various components and steps taken. Special focus will be given to questions around how the planning

process has (or has not) prepared the organization to navigate the changes brought by the Covid-19 pandemic.

I would like to assure you that the study has been reviewed and received ethics clearance through a University of Waterloo Research Ethics Board. However, the final decision about participation is yours.

If you would like to participate, or you require additional information to assist you in reaching a decision about participation, please contact me at igievski@uwaterloo.ca. You may also contact my supervisor at mark.seasons@uwaterloo.ca.

Sincerely,

Isidora Gievski-Sidorovska

Appendix C: Information letter – Individuals

Dear colleagues,

Isidora Gievski-Sidorovska, a PhD candidate in the School of Planning at Waterloo University, working under the supervision of Dr. Mark Seasons has requested the assistance of our organization with a case study on strategic planning approaches among social service nonprofits. The purpose of the study is to learn how and why certain strategic planning practices better enable organizations to cope with changes in the environment, such as those caused by Covid 19.

Participation in this case study would consist of one-on-one interviews with members of our organization that took part in the strategic planning process (employees/volunteers/board members). Considering your recent experience as a participant in the strategic planning process, we are reaching out to you to provide your insights through a one-on-one interview with the researcher.

Each interview would take up to 60 minutes and is entirely confidential. This means that the names of participating organizations and individual participants will not be disclosed, and any identifying information will be omitted in the final reports. Please review the information letter to learn more about confidentiality and other study details.

During the interview organizational members will be asked to describe the organization's strategic planning process and share their opinion on the benefits and drawbacks of the various components and steps taken. Special focus will be given to questions around how the planning process has (or has not) prepared the organization to navigate the changes brought by the Covid-19 pandemic.

This study has been reviewed and received ethics clearance through a University of Waterloo Research Ethics Board. However, the final decision about participation is yours.

If you would like to set up your interview right away, please email Isidora at igievski@uwaterloo.ca indicating some available timeslots.

Sincerely,

Appendix D: Interview guide

Oral Consent Script

Confirm the following with the participant:

- The purpose of this study is to learn how Ontario-based nonprofits practise strategic planning, what are the benefits of the planning process and identify specific practices that increase the ability of organizations to navigate rapid change, such as the changes brought by the using the COVID-19 pandemic.
- This interview is part of a case study of your organization and will explore the benefits and challenges related to the strategic planning process. This means I will be asking questions around the practices and steps your organization takes when conducting strategic planning and your opinion on how effective they were.
- This interview is confidential. This means that the study will not disclose the names of the organizations that took part in the research. The names of interviewees are also kept confidential and will not be published in any study reports. The decision to do this interview or decline it will also not be shared with your organization, as well as the names of those that decided to take part. Additionally, the study will not share any identifying information about you or the organization you are part of.
- Your participation in this study is voluntary. If you do not want to answer some of the questions you do not have to, but you can still be in the study. You can decide to stop at any time, even part-way through the interview for whatever reason.
- If you decide to stop during the interview, we will ask you how you would like us to handle the data collected up to that point, whether returning it to you, destroying it or using it.
- I will be recording the interview for accuracy purposes. Once the transcript from the interview is ready, I will share it with you to ensure your points are understood correctly.

While the interview is confidential, with your consent, anonymous quotes may be used in the research reports.

- This study has been reviewed and cleared by the Waterloo University Ethics Board.

Do you have any questions or want me to go over any study details again?

If no,

I will now ask for your consent to proceed with the interview. By giving your consent you are not waiving your legal rights or releasing the investigators or involved institution from our legal and professional responsibilities.

Do you agree to participate in this study?

If yes,

- Do you agree that you have been informed that you may withdraw from this study at any point by advising the researcher?
- Do you agree to have this interview recorded to ensure accurate recording of your responses?
- Do you agree that excerpts from this interview may be included in the research reports as anonymous quotes, upon your approval?
- Would you like a copy of the study results? If yes, where should we send them (email, mailing address)?

If no, "Thank you for your time."

INTERVIEW QUESTIONS

UNDERSTANDING THE STRATEGIC PLANNING PROCESS

1. Can you briefly describe the strategic planning process in your organization?
2. Could you let me know a bit more about some of the specific planning activities you took part in?

OUTCOMES OF THE STRATEGIC PLANNING PROCESS

3. How has the strategic planning process affected your knowledge and understanding of the organization and its environment? Please elaborate.
4. Did you find the strategic planning experience to be useful for your role as a volunteer/employee/board member?
5. Are there any specific benefits you feel you individually gained from the strategic planning process?
6. Can you see any organizational-level benefits from the strategic planning process?
7. Can you speak about any challenges or drawbacks as result of the strategic planning process?

PLANNING DURING THE COVID-19 CRISIS

8. Did you find the strategic planning process relevant to how your organization has handled the challenges from the COVID-19 pandemic? Please elaborate.
9. Did your organization modify previously planned programs and services in response to the Covid-19 pandemic? If yes, can you briefly elaborate how those decisions were made and who took part in them?
10. Anything else you would like to add that you were not asked about?

Appendix E: Ethics Approval

UNIVERSITY OF WATERLOO

Notification of Ethics Clearance to Conduct Research with Human Participants

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Principal Investigator: Mark Seasons (School of Planning)

Student investigator: Isidora Gievski-Sidorovska (School of Planning)

File #: 43333

Title: Responding to COVID-19: Characteristics of the Strategic Planning Process in Ontario-based Social Service Nonprofits and Their Contribution to the Organizational Ability to Cope with Environmental Turbulence

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The Human Research Ethics Board is pleased to inform you this study has been reviewed and given ethics clearance.

Initial Approval Date: 06/22/21 (m/d/y)

University of Waterloo Research Ethics Boards are composed in accordance with, and carry out their functions and operate in a manner consistent with, the institution's guidelines for research with human participants, the Tri-Council Policy Statement for the Ethical Conduct for Research Involving Humans (TCPS, 2nd edition), International Conference on Harmonization: Good Clinical Practice (ICH-GCP), the Ontario Personal Health Information Protection Act (PHIPA), the applicable laws and regulations of the province of Ontario. Both Boards are registered with the U.S. Department of Health and Human Services under the Federal Wide Assurance, FWA00021410, and IRB registration number IRB00002419 (HREB) and IRB00007409 (CREB).

This study is to be conducted in accordance with the submitted application and the most recently approved versions of all supporting materials.

Expiry Date: 06/29/22 (m/d/y)

Multi-year research must be renewed at least once every 12 months unless a more frequent review has otherwise been specified. Studies will only be renewed if the renewal report is received and approved before the expiry date. Failure to submit renewal reports will result in the investigators being notified ethics clearance has been suspended and Research Finance being notified the ethics clearance is no longer valid.

Level of review: Delegated Review

Concealed for privacy purposes

This above named study is to be conducted in accordance with the submitted application and the most recently approved versions of all supporting materials.

Documents reviewed and received ethics clearance for use in the study and/or received for information:

file: Screening questions, survey.docx

file: recruitment email, survey 20210618, Vers. 3.docx