

Strong planners versus weak planners: An analysis of nonprofit organizations

*Giacomo Boesso, Fabrizio Cerbioni, Marco Ghitti**

Received: 7 October 2021

Accepted: 23 March 2022

Abstract

Previous academic research found that two broad approaches characterize nonprofit foundations when setting objectives. In the first approach, the business-like model, nonprofit foundations are inspired by for-profit organizations, and they adopt methodologies, tools, and practices typical of business management to better respond to social issues connected to their local dimensions. The second approach, the charity-like model, conversely argues that hybridization toward the market risks undermining the peculiarities of the nonprofit sector, thereby emphasizing the need of nonprofit foundations to be guided by the solidarity of interests that resides in the natural interdependencies of various members of society. To date, no study has focused on the role of nonprofit foundation employees to understand the impact of a business-like approach on employee professionalism and job performance. Using responses from 277 employees of nonprofit foundations, this study investigates whether increased participation in planning and control tools increases employees' perceptions of the effectiveness of the grant process. The results show that a business-like approach to planning, if well-balanced and considered, can contribute to greater employee professionalism and lead to improved information clarity and project innovation.

Keywords: Philanthropy planning, Nonprofit control, Nonprofit business-like.

1. Introduction

1.1. Increasingly important role of private welfare

The growing importance of the nonprofit sector is documented in its numbers. According to recent studies on donor networks and foundations in

* University of Padova, Department of Scienze Economiche e Aziendali M. Fanno. Corresponding author: giacomo.boesso@unipd.it

Europe (DAFNE and European Foundation Centre [EFC]), in the old continent, there are 147,000 foundations that manage 511 billion euros of assets and donate about 60 billion euros per year (0.4% of the European Union GDP). The European Commission reports that 10% of all European companies are referred to as the third sector, accounting for 11 million people employed, which is equal to 6% of all EU employees.

As reported by the European Venture Philanthropy Association (EVPA, 2018), funds from venture philanthropy and social investing are constantly increasing. In fiscal year 2017, nonprofit organizations invested 767 million euros to support a total of 11,951 organizations for social purposes. Regarding their activities, foundations focus on sectors ranging from the environment, social services, health, and education to science, research, arts, and culture. Some of these foundations have a consolidated and reliable source of income that allows them to plan and carry out long-term work compared to many other institutions, such as governments and companies.

According to the EFC and the Centre for Effective Philanthropy (CEP), foundations are the main agents within institutional philanthropy and play a crucial role in addressing local and global challenges, supporting innovative ideas, building communities, and improving the lives of millions of people around the world. Given the growing importance of the third sector in the European scenario, the need for transparency and accountability, especially of foundations, is becoming increasingly relevant as reported by the academic literature (Agyemang *et al.*, 2018; Chenhall *et al.*, 2010; Chenhall *et al.*, 2013; Hyndman & McConville, 2018; Hyndman & McKillop, 2018; Indiana University, 2018; McConville, 2017; Yang, Northcott, 2018). For these reasons, over the years, the managerial vision of the management of philanthropic bodies has been strengthened. Although opposing factions remain (Bish, Becker, 2015; Iverson, Burkart, 2007; Sanders, McClellan, 2014), it is, in any case, necessary to increase the accountability and level of transparency of foundations toward their funders, beneficiaries, and all stakeholders in general (Agyemang *et al.*, 2017; Hyndman, McKillop, 2018; McConville, 2017; O'Dwyer, Boomsma, 2015; Yang, Northcott, 2018). According to the literature (Agyemang *et al.*, 2017; Bish, Becker, 2015; Maxham *et al.*, 2008; Mitchell, 2018), this greater commitment brings with it a whole series of important repercussions, highlighting how a team of employees and partners aware of the importance of their role can improve the extent of the effectiveness of their foundation's work with more than visible improvements in social and economic results (Barbetta, 2013). While it seems clear that a team of employees greatly involved is able to improve the work of the foundation, it is not yet clear how employees can do so and what useful tools would enhance their

satisfaction and participation. According to Dees (2012), vigorous managerial practices typical of the for-profit world must be adopted by referring to a “more modern culture of problem solving that is linked to the head and has emerged as part of the scientific, industrial and now entrepreneurial era.” In a nutshell, this vision involves empowering beneficiaries for their stated results by selecting and funding locally available social capital to increase the social return of the foundation’s initial grant. However, Dees (2012) states that one must base oneself on “a secular culture of charity linked to the heart and imbued with moral traditions” that considers the contextual and socioeconomic factors in pursuing the social mission by highlighting the ideas and strategies developed by the candidates for grants and then by financing their proposals.

1.2. Business-like model

The growing adoption of practices typical of the for-profit world derives from globalization, which has also affected strategic philanthropy, a sector that is increasingly managing global problems and is therefore less related to specific places than traditional philanthropy (Rogers, 2015).

Following this approach, foundations should not limit themselves to funding alone but also offer coordination and advice by becoming real “strategic coordinators” (Teles, 2008). In this regard, Green and Dalton (2016) show that major donors increasingly rely on business models and practices, and that their approach is to define a problem, set an agenda and strategy to address it, and then find grant recipients who are ready to execute the agenda. Indeed, it has been amply demonstrated that effective management of financial resources is key to building reputational capital (Peng *et al.*, 2019). Achieving this goal requires economic and professional management (Carnochan *et al.*, 2014) to overcome the perception of nonprofit organizations as being managed by passionate, well-intentioned but ineffective amateurs. A business-like approach in philanthropy has also been documented in Italy (Perrini, Vurro, 2010), and the literature has observed a growing association between performance measurement and value creation in a social context (Marchi, 2019).

1.3. Charity-like model

On the contrary, those who share a charity-like model approach say that business methodologies do nothing but increase bureaucratization, with the risk of obscuring the distinctive mission of foundations (Sanders, McClellan,

2014; von Schnurbein, 2014) and thus jeopardizing their social origins, ethics, and goals (Bish, Becker, 2015).

Those who share this vision argue that a more flexible approach, characterized by emerging strategies and serendipity, is better suited to address a turbulent environment, such as the current one, facilitating the inclusion of more actors and encouraging social participation and local volunteering. The literature highlights how in the final stages of complex processes, participation may be more beneficial than planning and efficiency (Iverson, Burkart, 2007).

Proponents of this approach also believe that typical business management activities, such as programming and control, are too expensive, risk taking resources away from the core activities of the foundation (Eikenberry, Kluver, 2004; Hvenmark, 2016), produce exclusion mechanisms (Hustinx, De Waele, 2015), reduce social effectiveness (Cooney, 2006), and erode democratic values (Eikenberry, 2009).

For this reason, the charity-like approach argues that the role of foundations is to satisfy the manifest and latent needs of the communities in which they are rooted by interacting and continuously cooperating with an increasing number of stakeholders on a day-by-day base.

1.4. Employees of foundations

Regardless of the reference approach, the literature highlights how a work team aware of the importance of its role can enhance the magnitude of the effectiveness of the foundation's work (Maxham *et al.*, 2008), with more than visible improvements in social and economic results (Bish, Becker, 2015). Not coincidentally, there is a growing predisposition of values and an explicit request of employees for greater involvement in decision-making and implementation processes (Agyemang *et al.*, 2017).

Adopting the point of view of employees, therefore, will be a question of understanding if and which of the two approaches (business-like or charity-like) most present in the literature are able to provide methodologies and useful tools to involve and professionalize employees.

Notably, our study exclusively addresses employees who are subordinates to the governing body of each foundation. They are clearly the individuals in charge of day-to-day activities at all levels. Therefore, their satisfaction, stemming from their involvement in the planning and control system of the organization, has direct consequences on the work and performance of the foundations themselves. Furthermore, in the nonprofit sector, the value alignment between the organizational goals and the employees' goals is generally greater

than in other sectors because of the intrinsic satisfaction in working for the goodness of society. Accordingly, the analysis of employees' views can help in understanding the real value of business-like practices when replacing regular day-by-day charity activities.

2. Research Question

The review of theoretical frameworks inherent in the management of non-profit organizations clearly shows the tension that exists between the two approaches (business vs. charity-like) to increasing employee job performance, as measured by their perception of higher professionalism and improved processes. Although proponents of the different approaches argue that a given involvement can translate into an improvement in the overall work of the organization, the link between a given approach and the actual impact on employees remains difficult to predict due to the presence, for example, of different personal attitudes from subject to subject.

In fact, it is clear that a greater propensity on the part of the individual to be and feel emotionally involved in the organizations in which they participate and their high propensity to seek a certain social position are inevitably confused with the characteristic actions suggested by the two approaches.

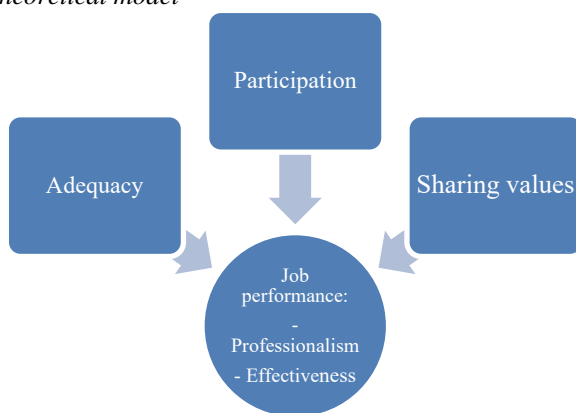
This study attempts to provide some empirical insights without formulating specific hypotheses. On a descriptive level, the study investigates whether and how employee-widened use of the long-term plan, budget, and ex-post analysis increases or decreases employee satisfaction with their job performance as perceived by each employee. Thus, the study does not claim to establish a causal link but attempts an initial exploration to answer the following question: Can greater participation in planning and scheduling tools increase perception of greater job performance of employees who work within a grant-making foundation?

Our research question is based on Nouri and Parker's (1998) model, which linked budget participation to job performance through the channels of budget adequacy and organizational commitments. They found positive effects of budget participation and adequacy on job performance. Our first contribution is the testing of the model in the nonprofit environment, which, to the best of our knowledge, has never been done. Second, we extend the original framework beyond the budget to include additional planning and control tools, such as the long-term business plan and the ex-post analysis. More specifically, we explore whether more participation and perceived adequacy of such planning tools are linked to better perceived performance from the employees'

standpoint. Participation captures the level of involvement each employee has in the planning and control processes. Adequacy is defined as the degree to which an individual perceives that planning tools (budget, long-term plan, ...) are adequate to fulfill its organization's goals. Additionally, to better customize the model to the nonprofit arena, the original item "organizational commitment" (Nouri, Parker, 1998) was reframed as "sharing values" to further include not only the belief and willingness that links the individual to the organizations (comprised by the original author in the commitment) but also the alignment between an individual's goals and organizational goals, which is generally very strong when employees are requested to work on social projects that can improve the beneficiaries as well as their communities. It is indeed well documented in the nonprofit literature that "value sharing" boosts individual performance (Bish, Becker, 2015; Carnochan *et al.*, 2014), and we argue that greater participation in planning activities should at least facilitate a better understanding of the organizational values and goals of each employee.

Lastly, we further elaborate on the original model by clustering the job performance of employees in terms of two separate items: "professionalism," as captured by employees' evaluation of their autonomy, competence, and dedication to work (Bedford, Malmi, 2015; Rieg, 2018), and "effectiveness," as measured by the employees' perception of good organizational processes (Nouri, Parker, 1998).

Figure 1 - Theoretical model



3. Method

3.1 Characteristics of the country and foundations

Choosing Italy as the country for this study provides an ideal research environment to examine different styles of employees' involvement in foundations. On the one hand, Italian foundations have historically been characterized by a strong use of human resources in activities directly related to social issues, with a role of subsidiarity in terms of public intervention rather than the preparatory phase and subsequent analysis (D'angelo, Amatucci, 2007; Barbetta, 2013; Minciullo, 2016a). On the other hand, the current debate in national associations is increasingly pushing the leaders of foundations to act in a more managerial way (Hinna, Monteduro, 2017; Puntillo, 2017). The largest foundations in Italy have a strong history of supporting the arts and various other causes. However, we have recently witnessed a progressive shift toward a model of inclusion of employees with a more managerial and corporate approach in asking for greater involvement of the same in the planning and programming phases (Minciullo, 2016b). This study was engaged the participation of representatives of the two main national associations, namely, the Association of Foundations and Savings Banks Spa (ACRI), which represents foundations of banking origin (FBOs) and key players in the Italian nonprofit landscape (Quadrio Curzio, 2015), and the Italian Association of Foundations and Granting Agencies (ASSIFERO).

3.2. Dataset

The data were collected through an online survey administered between December 2020 and April 2021 and compiled in full form by a total of 277 respondents, of which 171 were compiled by FBO employees and 106 by employees operating in foundations and granting agencies (FGAs). Note that FGAs refer to a more heterogeneous group characterized by a multiplicity of realities, from business and family foundations up to community foundations, passing through the other bodies of institutional philanthropy. The dataset included 40% of the 86 FBOs active in Italy and was sufficiently representative. As for the FGAs, respondents made up 20% of the total organizations. Overall, most of the foundations analyzed were in central Italy (~47%), a good part in the north (44%), and the rest in the south (9%).

For individual respondents, there was a substantial difference in average age between FBO employees (45.4 years) and FGA employees (41.7 years). Regarding gender, 63.5% of the total respondents were female.

Table 1 - Working age of respondents

Working age	Frequency	Percent	Cumulative Percent
< 2 years	21	7.58	7.58
2–5 years	47	16.97	24.55
5–8 years	33	11.91	36.46
8–10 years	16	5.78	42.24
> 10 years	160	57.76	100
Total	277	100	

In terms of experience within each organization, data are summarized in Table 1. Our respondents were primarily senior employees. On average, FBO employees have been working for their foundation for 9.7 years, while FGA employees have been working for their foundation for 7.6 years. Overall, the employees have been employed for an average of 8.9 years. As for the level of education, 18.1% held a high school diploma, while 35.7% completed a university cycle (three-year and master's degrees). The data show that the largest group (30.7%) consisted of subjects who have trained in the economic field (management, economics, and finance), followed by those who have a more humanistic education (literature, philosophy, and humanities), at 25.3%.

The data relating to the employment offices of the responding employees are noteworthy and are summarized in Table 2.

Table 2 - Respondents by office

Office	Frequency	Percent	Cumulative Percent
Institutional and special projects	91	32.85	32.85
Administration and secretarial	77	27.80	60.65
Chairman office	27	9.75	70.40
Communication	28	10.11	80.51
Planning and control	20	7.22	87.73
Investments	3	1.08	88.81
Other	31	11.19	100
Total	277	100	

The respondents were divided into three macro-areas well balanced with one another: the first, which also held the highest percentage, included those who work in institutional and project areas (32.85%), the second concerned administration and secretarial services (27.80%), and the third considered all other sectors of activity (39.35%), where the bulk was made of people working either in the chairman (9.75%) or in the communication (10.11%) office. Overall, we captured employees spanning all of the foundation's functions.

3.3. Submitted questionnaire

Our survey was designed to collect the opinions of foundation employees to investigate their role in promoting good organizational practices as well as the degree of sharing and participation in the adoption of planning and control tools. Among these tools, we focus on budgets, multi-year plans, and ex-post verification methods.

The questionnaire was completed by representatives of the two main associations that group Italian foundations: ACRI and ASSIFERO. It was sent to the representatives so that they could disseminate it among employees. A digital version of the questionnaire was made available for electronic compilation for those who preferred this form over paper support.

The data collected by the survey consisted of information related to the following variables of interest:

- Personal data of the respondent, including the area of training and the office the respondent provides their work.
- The value and motivational dimensions are divided into Sense of responsibility, Dedication, Autonomy, Competence, and Social desirability, respectively, as identified by the international literature.
- Engagement and degree of sharing of planning, programming, and control tools (multi-year strategic plans, budgets, and ex-post analysis).
- Overall perception of the processes' results as perceived by the respondents.

In preparing the questionnaire, adopting a neutral approach was deliberately decided. Consequently, all the questions presented possible answers that were always fair-attractive. Hence, the respondent was not induced to prefer one line over another or put into a position to express perceptions and opinions consistent with the intervention models adopted by the institution or foundation, such as more grant-making or more operational, more business-like solutions or more charity-like solutions.

Since the questionnaire was self-administered (i.e., completed independently by each respondent), the research team set the questions with the aim of making their compilation clear and immediate.

The choice was therefore to provide for all the questions of the questionnaire, except for the section dedicated to the classification data of the respondent (first thematic area), a single-choice answer on a seven-step Likert scale obviously specifying the meaning of the extreme values of the scale.

Cronbach's alpha, calculated to verify the internal coherence of various scales, varied from a minimum of 0.66 to a maximum of 1.04 in various sections of the questionnaire, thus ensuring an acceptable level of reliability for each variable. The pool of respondents seems sufficiently adequate, considering that the Kaiser–Meyer–Olkin sample adequacy test returned a value of 0.77, which is well above the minimum threshold of 0.60. The results of these robustness tests, the large number of elements, and the neutral formulation of the questions limit the possibility of the respondents intentionally distorting their answers.

3.4. Dependent variables

Two groups of dependent variables were considered to answer the research question: the employees' professionalism and their perception of the level of process' effectiveness. The main objective variable is formed by three attributes of professionalism generally accepted in the literature (Autonomy, Competence, and Dedication), since our first research step is to understand if a correlation exists between a given model of engagement and the level of professionalism expressed by the employee (Bedford, Malmi, 2015; Rieg, 2018).

Autonomy is the degree to which employees feel confident in independently pursuing a specific task. Competence clarifies whether the foundation's employees feel experienced and productive in their daily routines. Dedication refers to the constant offering of oneself to achieve organizational purposes and carrying out tasks not clearly formalized, if useful, to help the foundation achieve its objectives. In this sense, Haddad (2002) underlines that "good will, the desire to help is no longer enough in itself" and that nowadays it is essential to have real skills to work in the nonprofit sector.

The second dependent variable refers to the constructs of performance, captured by the perceived effectiveness of selected processes. Capturing the correlation between engagement and professionalism provides insight into exploring whether the latter is also related to the effectiveness of the work of

employees and, consequently, reflects improvement in selected processes performed by the entire organization.

Given that some scholars have pointed out that performance is related to collaboration mechanisms (Steers, 1977), we measure effectiveness along three dimensions. First, Effectiveness of planning and control activities, related to the fact that the resources invested in programming and control activities are not perceived as a waste of resources; second, Information clarity, which concerns the ability to manage information flow to make objective and informed decisions; and third, Degree of innovation, referring to the ability to identify new social interventions and projects every year. All three measures of effectiveness are measured as perceived by employees, and they are not ex-post objective measures of performance.

3.5. Independent variables

Independent variables were designated by the constructs of employee engagement and involvement in planning and control activities: Participation, Adequacy, and Sharing values. Specifically, Participation deepens depending on whether employees have an active role in the definition of tools. Adequacy detects the degree to which each individual perceives the tools adopted by the foundation as sufficient to serve at best modern strategic philanthropy. Sharing values refers to the employee's level of determination to achieve a specific organizational goal and the commitment to pursue it in the time provided (Nouri, Parker, 1998).

Engagement in planning tools is actually predicted to influence process effectiveness through two steps: first, with a measurable increase in employees' professionalism and, second, with this professionalism being capable of influencing final organizational processes. As a result, participation leads to high perceived adequacy and shared values, which, in turn, increase performance directly and indirectly through organizational engagement and professionalism (Nouri, Parker, 1998).

Owing to the nature of the bond of which possible correlations are being sought (engagement and professionalism, then professionalism and effectiveness), two sets of regression are used in the empirical investigation.

3.6. Control variables

To ascertain the association between engagement, professionalism, and

effectiveness, we considered it important to evaluate other aspects that can influence this relationship, with the aim of mitigating the effect of each individual's personal attitude in the data analysis. To isolate what we could define as "the effect of the organization" – that is, how much the foundation has managed or not to structure its activities in such a way that individuals feel more proactive and professional than their personal inclinations of departure – we introduced selected control variables. In fact, a greater propensity on the part of the individual to be and feel emotionally involved in the organizations in which they participate, as well as a high propensity to seek a certain social position, inevitably ends up "biasing" the behaviors and responses each individual is called to give. To dampen these subjective and individual effects, following Nouri and Parker's (1998) original model, two control variables were considered: Social desirability (i.e., the tendency of subjects to be in favor of compliance with current social norms and standards) and Sense of responsibility (i.e., the tendency of individuals to identify with their organization and their willingness to exert efforts on its behalf). The increase in these variables takes into account how each employee tends to give more positive evaluations than the average of respondents.

4. Results

To examine the contribution of the various variables considered, descriptive analyses were conducted on the results of the questionnaires. In the following tables, each Likert scale has been normalized between 0 and 1. Table 3 shows the values referring to the engagement constructs.

Clearly, the budget was the most participated in, most appropriate, and most shared tool for employees. In essence, the results highlight the dominance of the budget over all other tools, as confirmed by the higher percentage of respondents involved in the budgeting process compared to those for ex-post analysis and long-term planning. This state of the art, however, could be explained by the lower use of both long-term planning and ex-post evaluations, which could be perceived as more complex and thus expensive tools.

Regarding the constructs of professionalism presented in Table 4, the results highlight how the most common characteristic analyzed is Dedication, understood as employees' ability to go beyond one's ordinary job description, weaving relationships with actors of the territory, in addition to their normal workload.

Table 3 - Constructs of engagement

Constructs of engagement					
	<i>Average</i>	<i>Variance</i>	<i>Min</i>	<i>Max</i>	<i>Percentage of respondents</i>
Participation					
Budget	0.63	0.32	0.00	1.00	79%
Ex-post analysis	0.52	0.34	0.00	1.00	67%
Long-term planning	0.39	0.35	0.00	1.00	64%
Adequacy					
Budget	0.68	0.29	0.00	1.00	79%
Ex-post analysis	0.59	0.37	0.00	1.00	67%
Long-term planning	0.49	0.40	0.00	1.00	64%
Sharing values					
Budget	0.65	0.29	0.00	1.00	79%
Ex-post analysis	0.53	0.35	0.00	1.00	67%
Long-term planning	0.51	0.42	0.00	1.00	64%

Table 4 - Constructs of professionalism

Constructs of professionalism					
	<i>Average</i>	<i>Variance</i>	<i>Min</i>	<i>Max</i>	<i>Percentage of respondents</i>
Dedication	0.86	0.14	0.00	1.00	100%
Autonomy	0.75	0.16	0.00	1.00	100%
Competence	0.72	0.17	0.00	1.00	100%
Individual control attributes					
Social Desirability	0.85	0.13	0.00	1.00	100%
Sense of responsibility	0.78	0.19	0.00	1.00	100%

This result is well associated with the high level of our control variables observed in our data: Social desirability and Sense of responsibility. Together, these three indicators returns, on average, a very high level of value harmony on the side of employees, a circumstance quite common in the nonprofit working environments and, probably, attributable to the awareness that their work has positive effects on the territories and communities subject to intervention.

Conversely, the satisfactory but significantly lower values (less than at least 10 points) recorded by Competence and Autonomy give a glimpse of the complexity of organizing social interventions, as well as the areas in which foundations and philanthropic bodies could intervene with training initiatives to strengthen their human capital.

Finally, Table 5 highlights the constructs of effectiveness.

Table 5 - Constructs of effectiveness

	Constructs of effectiveness				Percentage of respondents
	Average	Variance	Min	Max	
Effectiveness of planning and control activities	0.70	0.29	0.00	1.00	86%
Information clarity	0.69	0.19	0.00	1.00	100%
Degree of Innovation	0.67	0.20	0.00	1.00	100%

The best result is achieved by the *Effectiveness of planning and control activities*, for which respondents – though called upon to consider the financial and organizational cost of these *back-office* activities – assign, on average, a high utility in improving the social action of the foundation (0.70). This is followed by a more than sufficient satisfaction with the *Clarity of information* (0.69), which measures the level of information sharing between employees and their usefulness for making and evaluating decisions. It seems reasonable to conclude that the projects and results achieved are analyzed and studied with the appropriate programming and control tools. As for the *Degree of innovativeness* recognized by employees in their organization, this is largely satisfactory (0.67) but 3 points lower than the perceived effectiveness of the tools, highlighting a possible area of reflection and intervention for the heads of the foundations.

Subsequently, we used both the constructs of professionalism and process’ effectiveness (as perceived by respondents) as dependent variables to conduct two separate regression analyses. Our aim was to further examine the relationship between degree of engagement and professionalism as well as between professionalism and effectiveness, controlling for relevant variables. We performed ordinary least squares (OLS) regressions using the following model specification:

$$\begin{aligned}
 \text{Professionalism} \left\{ \begin{aligned}
 & \text{Autonomy} = \beta_0 + \beta_1 \text{Participation} + \beta_2 \text{Adequacy} + \beta_3 \text{Sharing values} + \text{Controls} + \varepsilon \\
 & \text{Competence} = \beta_0 + \beta_1 \text{Participation} + \beta_2 \text{Adequacy} + \beta_3 \text{Sharing values} + \text{Controls} + \varepsilon \quad (1) \\
 & \text{Dedication} = \beta_0 + \beta_1 \text{Participation} + \beta_2 \text{Adequacy} + \beta_3 \text{Sharing values} + \text{Controls} + \varepsilon
 \end{aligned} \right. \\
 \\
 \text{Effectiveness} \left\{ \begin{aligned}
 & \text{Effectiveness of P. C.} = \beta_0 + \beta_1 \text{Autonomy} + \beta_2 \text{Competence} + \beta_3 \text{Dedication} + \text{Controls} + \varepsilon \\
 & \text{Degree of Innovation} = \beta_0 + \beta_1 \text{Autonomy} + \beta_2 \text{Competence} + \beta_3 \text{Dedication} + \text{Controls} + \varepsilon \\
 & \text{Information clarity} = \beta_0 + \beta_1 \text{Autonomy} + \beta_2 \text{Competence} + \beta_3 \text{Dedication} + \text{Controls} + \varepsilon
 \end{aligned} \right.
 \end{aligned}$$

Participation is positively associated with all three elements of professionalism, highlighting how the more employees actively participate in the drafting of planning, programming, and control documents, the more they feel autonomous, competent, and dedicated.

With reference to *Adequacy*, however, there is no statistically significant association observed with the constructs of engagement.

As for the sharing of objectives and the action plan by employees, a statistically significant, albeit negative, association with *Autonomy* and *Competence* emerges and highlights how the active participation in planning activities sometimes disrupts the capacity to work autonomously as well as the personal feeling of being competent in the assigned position. It is as if being exposed to the complexity of planning undermines some elements of professionalism, making employees uncomfortable in their actual position and expected duties. In other words, the complexity of planned processes might suggest to the exposed employee that it would be better to work in a group rather than alone, and the stress associated with the stated objectives might force some of them to feel unprepared and not knowledgeable enough for the required tasks.

All these associations add to the significance of the control variables in the models. In fact, as expected, the positive effect of the individual variables of Social desirability and Sense of responsibility is also visible. In particular, a growing desire to have a recognizable role in society is associated with greater *Autonomy*, and both variables of individual motivation correlate with greater *Dedication*.

Table 6 - Relationship between engagement and professionalism

Target variable	Autonomy		Competence		Dedication	
	β	% of error	β	% of error	β	% of error
<i>Participation</i>	0.09	**	0.12	***	0.10	***
<i>Adequacy</i>	0.06	n.s.	0.01	n.s.	-0.01	n.s.
<i>Sharing values</i>	-0.14	***	-0.10	*	-0.04	n.s.
Social desirability	0.14	**	0.12	*	0.16	***
Sense of responsibility	0.10	*	0.15	***	0.18	***
Constant	0.54	***	0.46	***	0.53	***
R-squared	0.06		0.09		0.22	
F	3.53		5.90		15.54	
P	0.00		0.00		0.00	
Observation	276		276		276	

Note: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$; $p > 0.1$; n.s.: not significant). Bold for significant.

One potential concern of our analysis is that certain characteristics of the foundations where the employees work, such as the size or the origin (bank, corporate, or family origin), might affect these results. Therefore, we replicated the analysis of Table 6 with a very strict specification that introduces foundations fixed effects whenever the respondents provided the name of the foundation where they work. All our baseline results were confirmed. Despite the reduction in the sample size due to data availability, this suggests that the foundation characteristics do not completely drive our results.

After verifying a mixed association between the three elements of engagement in the planning and control system and the three elements of professionalism by this first set of OLS regression, we attempt to understand whether and how higher professionalism resonates in the better effectiveness of selected processes. This is investigated with a second set of regressions according to the specification of Equation (2).

Dedication, measured as the desire to go beyond one's job description to fulfill the social objective, turns out to be the driving factor that is positively associated with all effectiveness measures. Note that this positive relationship adds to the positive association registered by the control variables, which measure the natural personal attitudes of each individual toward its organization (*Social desirability* and *Sense of responsibility*). The contribution of *Dedication* remains visible and statistically significant. Even if *Sense of responsibility* appears to have a predominant role in all relationships (with the highest coefficient), which means that employees more naturally inclined to diligently perform their role tend to perceive the foundation's processes more positively, *dedication* goes beyond this natural predisposition, thereby increasing employee satisfaction. It is worth recalling that in the first regression set (Table 6), *Dedication* was similarly proven to be positively influenced by the employee's *Participation* in the main planning activities.

As with the first set of regression, we replicated the analysis of Table 8 with a stricter specification that introduces foundations fixed effects. Baseline results are confirmed, although there is a loss of significance in the correlation between dedication and innovation and clarity.

This suggests that such a correlation is influenced by the characteristics of the institution when we refer to the degree of innovation and the information clarity (which "per se" are perceived as higher in larger and more structured foundations, despite the high or low level of employees' engagement and professionalism).

Table 7 - Relationship between engagement and professionalism – FE model

Target variable	Autonomy		Competence		Dedication	
	β	% of error	β	% of error	β	% of error
Explicative						
Participation	0.16	***	0.12	**	0.08	***
Adequacy	0.03	n.s.	-0.09	n.s.	-0.10	n.s.
Sharing values	-0.15	**	0.05	n.s.	0.06	n.s.
Social desirability	0.12		0.16	n.s.	0.16	*
Sense of responsibility	0.12		0.31	***	0.15	**
Constant	0.53	***	0.31	**	0.62	***
Foundations FE	YES		YES		YES	
R-squared	0.20		0.20		0.20	
F	1.82		1.82		1.82	
P	0.00		0.00		0.00	
Observation	168		168		168	

Note: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$; $p > 0.1$; n.s.: not significant; bold: the most significant

Table 8 - Relationship between professionalism and effectiveness

Target variable	Effectiveness of planning and control activities		Degree of Innovation		Information clarity	
	β	% of error	β	% of error	β	% of error
Explicative						
Autonomy	-0.01	n.s.	-0.07	n.s.	-0.09	n.s.
Competence	0.19	n.s.	0.02	n.s.	0.00	n.s.
Dedication	0.53	***	0.18	**	0.15	**
Social desirability	-0.07	n.s.	0.03	n.s.	0.09	n.s.
Sense of responsibility	0.46	***	0.44	***	0.52	***
Constant	-0.27	n.s.	0.19	**	0.15	*
R-squared	0.16		0.22		0.32	
F	10.66		16.47		25.87	
P	0.00		0.00		0.00	
Observation	276		276		276	

Note: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$; $p > 0.1$; n.s.: not significant; bold: the most significant

5. Discussion and Limitations

Although our analysis focused exclusively on planning activities and related tools, the reported data highlight the existence of a correlation between engagement and professionalism, as well as a possible correlation between the professionalism of employees and their self-perceived effectiveness of selected organizational processes (namely, planning, innovativeness, and information clarity). The tested model (Nouri, Parker, 1998) was successfully replicable in this nonprofit context. Regarding engagement, it is worth recalling that the budget is the most used planning tool by the respondents. This is unsurprising, since the greater levels of complexity and resources required by long-term planning and ex-post analysis seem to act as barriers to engagement.

Concerning professionalism, Dedication is the characteristic most present within our dataset, and it is well connected to the positive personal predisposition of nonprofit employees, as represented by the high scores of the two control variables. The results, in essence, highlight how the level of professionalism is driven by how dedicated the staff members are to work. Although such dedication is inevitably linked to the subjectivity of each employee, it can also be increased by selected organizational processes, such as engagement in planning and control activities. However, the lower results achieved by the association between Competence and the constructs of engagement seem to suggest the need, on the part of the board of directors and top managers, to intervene on this front. Considering that a high level of complexity characterizes the budget (although to a lesser extent) and, above all, long-term planning and ex-post analysis, higher investments in a trained and competent team are of fundamental importance in increasing the overall levels of professionalism of the foundation itself (Hersberger-Langloh *et al.*, 2020).

With regard to effectiveness, it is worth reiterating how the respondents to the survey seem aware of the importance of planning instruments as tools for improving selected processes, such as the information flow and the innovation attitude.

With regard to the research question of the impact of engagement on professionalism and effectiveness, the results of our two sets of OLS regressions highlight how, among the constructs of engagement, Participation has the greatest impact on professionalism in all dimensions investigated. The control variables also confirm that this construct is where a group with high intrinsic motivations will benefit the most. In summary, at the aggregate level, engagement seems to be positively associated with professionalism, and these data should be useful to the governing body of the foundations, who should consider that employee participation in delicate phases, such as planning,

reverberates positively in terms of the professionalism of the team. Nonetheless, top managers should keep in mind that in the act of building the team, they can also leverage the intrinsic positive attitudes of many candidates toward social projects.

Table 9 - Relationship between professionalism and effectiveness – FE model

Target variable	Effectiveness of planning and control activities		Degree of Innovation		Information clarity	
	β	% of error	β	% of error	β	% of error
Explicative						
<i>Autonomy</i>	0.15	n.s.	-0.09	n.s.	-0.05	n.s.
<i>Competence</i>	0.12	n.s.	-0.13	n.s.	0.10	n.s.
<i>Dedication</i>	0.60	**	0.09	n.s.	0.05	n.s.
Social desirability	-0.35	n.s.	-0.02	n.s.	0.23	*
Sense of responsibility	0.53	***	0.50	***	0.16	*
Constant	-0.18	n.s.	0.38	*	0.30	*
Foundation FE		YES		YES		YES
R-squared	0.19		0.26		0.39	
F	1.77		2.12		3.05	
P	0.01		0.00		0.00	
Observation	168		168		168	

Note: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$; $p > 0.1$; n.s.: not significant; bold: the most significant

Concerning the second aspect of the research, namely, the impact of professionalism on effectiveness, we note that the construct that has the most impact on the dependent variable is Dedication and, once again, the control element of a Sense of responsibility.

Ultimately, it seems possible to confirm how greater Participation in the planning process can increase not only the professionalism but also the effectiveness, or at least its perception, that employees associate with the planning process, the information clarity, and the innovation attitude of their foundations, with more than positive effects for the organization in general. This consideration should be particularly useful for nonprofit leaders who are called upon to implement actions and initiatives that have greater employee engagement as their objective. However, this effect can lead to tense situations, demonstrated, for example, by the negative association shown by the Sharing values construct, which signals how advanced planning reveals to employees the complexity of their jobs and objectives and might contribute to making

them feel less competent and effective if not properly trained to face this complexity. In any case, the aggregate effect seems to confirm a general improvement in the work of employees when a business-like approach is introduced. On the other hand, it also shows how managerial instruments, if shared among and participated in by employees, might undermine the employees' self-sense of professional adequacy because of the complexity that action plans and milestones reveal and make visible to all individuals involved in the writing process.

Finally, the results of this study must be considered in light of the limitations associated with the analysis. The various layers associated with the constructs are actually self-reported and perceived measures. This inevitably adds a significant level of subjectivity, although the work team appropriately incorporated control variables to dampen this effect. The inclusion of foundation fixed effects mitigates concerns about how much and deep each foundation's characteristics can effectively affect the involvement of employees in the planning tools. Nonetheless, it would be interesting to further investigate the process that every organization follows when implementing a planning tool and whether such a process affects employees' professionalism and effectiveness. Future research could involve each foundation's governing body, which is in charge of setting the guidelines of the planning process. Moreover, researchers could also replicate the same study on different countries and nonprofit typologies to arrive at cleaner results from the institutional, legal, social, and other variables that are characteristic of each individual and organization.

6. Conclusion

The proposed study, which focused on employees' opinions, aimed to investigate whether and how greater employee engagement in planning and control procedures (the business-like approach) could release positive effects for both the employees themselves and the foundation.

The contribution this work offers to the literature on the subject is in verifying whether employee participation is in some way associated with business-like practices, despite the fact that there are strands of thought in the literature that underline how the use of typical tools of for-profit organizations can be considered an element of distortion in nonprofits or, in any case, contaminate the typical specificities of philanthropic bodies (Bish, Becker, 2015; Hustinx, De Waele, 2015; Hvenmark, 2016; Iverson, Burkart, 2007). Conversely, our study highlights that the business-like approach, if well balanced and thoughtful, can contribute to greater employee satisfaction by

reverberating in terms of the general effectiveness of action by the foundations, as perceived by the employees. Even if the complexity of some activities (e.g., long-term planning and ex-post analysis) might contribute to making employees less enthusiastic about their positive, competent, and autonomous contributions to the foundation's success.

Furthermore, the high significance of the control variables related to individual attitudes (Social desirability and Sense of responsibility), which often register stronger coefficients compared with our business-like dependent variables, signal the predominant role of personal attitudes and beliefs in shaping the professionalism and performances of nonprofit sectors. Even if these correlations are largely expected, the strong magnitude observed confirms the presence of a real intangible asset in nonprofit organizations, where highly motivated employees are enthusiastic about working on projects that are good for the communities and tend to transfer their enthusiasm in their daily routine and performance appraisal.

Although not interviewed in our questionnaire, top managers could benefit from this structural characteristic of their industry by accelerating innovation, surfing employees' participation, and aligning the most challenging objectives of the organization with the more satisfied employees, who are often prone to dedicate extra hours and commitment to projects they strongly support at the personal level.

In conclusion, by contributing to the ongoing debate on the usefulness of business-like practices in foundations (Maier *et al.*, 2015), our results support and justify the greater use of managerial tools coupled with appropriate training sessions to tailor the tools to the reality of nonprofits, as well as the actual level of business proficiency of the engaged employees. These findings are similar to the results of other recent studies (Del Giudice, Migliavacca, 2019; McKay *et al.*, 2015; Powell, Osborne, 2020; Suykens *et al.*, 2020), which highlight how nonprofit organizations should focus more on circumstances that are suitable for corporate solutions without losing their identity, rather than passively adopting business-like solutions. Tailored business-like solutions seem to be the only possible way to improve foundations' ability to cope with modern complexity and make trained employees more capable of implementing impactful and effective actions.

References

- Agyemang G., O'Dwyer B., Unerman J., Awumbila M. (2018), Seeking "conversations for accountability": Mediating the impact of non-governmental organization (NGO) upward accountability processes, *Accounting, Auditing & Accountability Journal*, pp. 982-1007.
- Barbetta G.P. (2013). *Le fondazioni. Il motore finanziario del terzo Settore*, il Mulino, Bologna.

- Bish A., Becker K. (2015), Exploring expectations of nonprofit management capabilities. *Non-profit and Voluntary Sector Quarterly*, 45(3), pp. 437-457.
- Carnochan S., Samples M., Myers M., Austin M.J. (2014), Performance measurement challenges in nonprofit human service organizations, *Nonprofit and Voluntary Sector Quarterly*, 43(6), pp. 1014-1032.
- Chenhall R.H., Hall M., Smith D. (2010), Social capital and management control systems: A study of a non-government organization, *Accounting, Organizations & Society*, 35(8), pp. 737-756.
- Chenhall R.H., Hall M., Smith D. (2013), Performance measurement, modes of evaluation and the development of compromising accounts, *Accounting, Organizations and Society*, 38(4), pp. 268-287.
- Cooney K. (2006), The institutional and technical structuring of nonprofit ventures: Case study of a U.S. hybrid organization caught between two fields. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 17(2), pp. 137-155.
- D'Angelo G., Amatucci F. (2007), The strategy of bank foundation in fostering local welfare, *Finanza, Marketing e Produzione*, 25(3), pp. 57-74.
- Dees J.G. (2012), A tale of two cultures: Charity, problem solving, and the future of social entrepreneurship, *Journal of Business Ethics*, 111(3), pp. 321-334.
- Del Giudice A., Migliavacca M. (2019), Social impact bonds and institutional investors: An empirical analysis of a complicated relationship, *Nonprofit and Voluntary Sector Quarterly*, 48(1), pp. 50-70.
- Eikenberry A.M. (2009), Refusing the market: A democratic discourse for voluntary and nonprofit organizations, *Nonprofit and Voluntary Sector Quarterly*, 38(4), 582-596.
- Eikenberry A.M., Kluver J.D. (2004), The marketization of the nonprofit sector: Civil society at risk? *Public Administration Review*, 64(2), pp. 132-140.
- European Venture Philanthropy Association (2018), EVPA Survey, -- www.evpa.eu.com.
- Green J., Dalton B. (2016), Out of the shadows: Using value pluralism to make explicit economic values in not-for-profit business strategies, *Journal of Business Ethics*, 139(2), pp. 299-312.
- Haddad L. (2002), La mue des associations françaises de solidarité, *Économie et Humanisme*, 256, pp. 45-64.
- Hersberger-Langloh S.E., Stühlinger S., von Schnurbein G. (2021), Institutional isomorphism and nonprofit managerialism: For better or worse? *Nonprofit Management and Leadership*, 31(3), pp. 461-480.
- Hinna A., Monteduro F. (2017), Boards, governance and value creation in grant-giving foundations, *Journal of Management and Governance*, 21(4), pp. 935-961.
- Hustinx L., De Waele E. (2015), Managing hybridity in a changing welfare mix: Everyday practices in an entrepreneurial nonprofit in Belgium, *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 26(5), 1666-1689.
- Hvenmark J. (2016), Ideology, practice, and process? A review of the concept of managerialism in civil society studies, *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 27(6), 2833-2859.
- Hyndman N., McConville D. (2018), Making charity effectiveness transparent: Building a stakeholder-focussed framework of reporting, *Financial Accountability & Management*, 34(2), pp. 133-147.
- Hyndman N., McKillop, D. (2018), Public services and charities: Accounting, accountability and governance at a time of change, *The British Accounting Review*, 50(2), pp. 143-148.
- Indiana University (2018), *The Global Philanthropy Environment Index - European edition*, Indiana: IUPUI Indiana University - Lily Family School of Philanthropy.

- Iverson J., Burkart P. (2007), Managing electronic documents and work flows: Enterprise content management at work in nonprofit organizations, *Nonprofit Management and Leadership*, 17(4), pp. 403-419.
- Maier F., Meyer M., Steinbereithner M. (2016), Nonprofit organizations becoming business-like: A systematic review, *Nonprofit and Voluntary Sector Quarterly*, 45(1), pp. 64-86.
- Marchi L. (2019), Governo delle aziende e creazione di valore: da una prospettiva finanziaria ad una prospettiva economico-sociale, *Management Control*, 1, pp. 5-16.
- Maxham III, J. G., Netemeyer, R. G., & Lichtenstein, D. R. (2008). The retail value chain: Linking employee perceptions to employee performance, customer evaluations, and store performance. *Marketing Science*, 27(2), 147-167.
- McConville D. (2017), New development: Transparent impact reporting in charity annual reports-benefits, challenges and areas for development. *Public Money & Management*, 37(3), pp. 211-216.
- McKay S., Moro D., Teasdale S., Clifford D. (2015), The marketisation of charities in England and Wales, *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 26(1), pp. 336-354.
- Minciullo M. (2016), *Fostering orientation to performance in nonprofit organizations through control and coordination: The case of corporate foundations and founder firms*, *Studies in Public and Non-Profit Governance*, vol. 5, Emerald Group Publishing Limited, Bingley, pp. 207-232.
- Minciullo M. (2016), Il ruolo strategico delle Fondazioni d'Impresa: tra responsabilità sociale e vantaggio competitivo, *Impresa Progetto - Electronic Journal of Management*, 1, pp. 1-22.
- Mitchell G.E. (2018), Modalities of managerialism: The “double bind” of normative and instrumental nonprofit management imperatives, *Administration & Society*, 50(7), pp. 1037-1068.
- Nouri H., Parker R.J. (1998), The relationship between budget participation and job performance: The roles of budget adequacy and organizational commitment, *Accounting, Organizations and Society*, 23(5-6), pp. 467-483.
- O'Dwyer B., Boomsma R. (2015), The co-construction of NGO accountability: Aligning imposed and felt accountability in NGO-funder accountability relationships. *Accounting, Auditing & Accountability Journal*, pp. 36-68.
- Peng S., Kim M., Deat F. (2019), The effects of nonprofit reputation on charitable giving: A survey experiment, *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 30(4), pp. 811-827.
- Perrini F., Vurro C. (2011), *Social venture capital & venture philanthropy. Modelli e processi d'investimento nell'innovazione sociale*, EGEA, Milano.
- Powell M., Osborne S.P. (2020), Social enterprises, marketing, and sustainable public service provision, *International Review of Administrative Sciences*, 86(1), pp. 62-79.
- Puntillo P. (2017), Inter-municipal cooperation in service delivery and governance: Insights from Italy. *International Journal of Business Governance and Ethics*, 12(3), pp. 197-217.
- Quadro Curzio A. (2015), Fondazioni di origine bancaria e solidarismo innovativo, in *ACRI XX Rapporto annuale sulle fondazioni*, ACRI, Roma, pp. 249-267.
- Rogers R. (2015), Why the social sciences should take philanthropy seriously. *Society*, 52(6), pp. 533-540.
- Sanders M.L., McClellan J.G. (2014), Being business-like while pursuing a social mission: Acknowledging the inherent tensions in US nonprofit organizing, *Organization*, 21(1), pp. 68-89.

- Steers R.M. (1977), Antecedents and outcomes of organizational commitment, *Administrative Science Quarterly*, 22, pp. 46-56.
- Suykens B., De Rynck F., Verschuere B. (2020), Examining the extent and coherence of non-profit hybridization toward the market in a post-corporatist welfare state, *Nonprofit and Voluntary Sector Quarterly*, 49(5), pp. 909-930.
- Teles S. (2008), *The rise of the conservative legal movement: The battle for control of the law*, Princeton University Press.
- von Schnurbein G. (2014), Same same but different: Managerial influences on organisational performance in foundations and associations, *Journal of Business Economics*, 84(2), pp. 251-276.
- Yang C., Northcott D. (2018), Unveiling the role of identity accountability in charity outcome measurement practices, *The British Accounting Review*, pp. 214-226.