A Research on Nonprofitable Organizations

Musa ŞANAL¹ & Jamil NSUBUGA²

Abstract
Nonprofit organizations dedicate much energy to increase organizational performances so that it balances with the support they receive from donors in form of funds in order to achieve their own budgets. On much occasions, these achievements have been frustrated by huge funds allocated to mainstream projects yet inadequate or almost no funds dedicated as operational funds to cater for administrative costs, employee salaries, transport, office furniture, rent among others. Therefore, this study examines the relationship between operational funds and organizational performance in nonprofitable organizations. A descriptive survey design was used to gather data from the randomly selected nonprofitable organizations in Adana. Questionnaires were administrated to 25 active nonprofitable organizations which were randomly selected from the 2300 to participate in the study. Purposive sampling was used to select 50 respondents to participate in the study. Data collected was analyzed using SPSS and results indicate there is a correlation between operational funds and organizational performance in nonprofitable organizations. Finally, the study is concluded by interpreting the results.

1. Introduction
Nonprofit Organizations are institutions primarily known to work for humanitarian objectives, rather than commercial objectives which majorly carry out activities aimed at relieving suffering of the underprivileged people, protecting the environment, providing basic social services to the poor and even promoting interests of the poor in the community, or undertaking community development most especially in developing countries. According to Werker and Ahmed (2007), their size ranges from an individual to a complex organization with annual revenue of approximately $1 billion.

They are normally formed for humanitarian, social or similar objectives and take various forms like social service institutions, humanitarian, charitable organizations, religion affiliated, health care societies, cultural and educational organizations, among others. However, non-profit organizations have always found it had to achieve and keep up with good performance levels while serving the community. According to the Nonprofit Finance Fund survey (2009), only 16% of the nonprofit organizations can afford to finance their operating expenses for at

¹ Corresponding Author. ORCID: 0000-0002-7996-2282. Dr. Lecturer, Çukurova University, Faculty of Economics and Administrative Sciences, Department of Business, msanal@cu.edu.tr
² Çukurova University, Faculty of Economics and Administrative Sciences, Department of Business, jamilizzana@gmail.com
least a period of 2 years. It further discovers that more than 31% cannot even find operating funds to run for at least three months. This explains the terrifying operational funds status of most nonprofits around the world.

According Hansmann’s (1980) research findings, nonprofit organizations can be differentiated from for-profit organizations by the “non-distribution constraint” dimension. This means that nonprofits cannot distribute the revenues generated from any activity among the workers, they are restricted in their spending of revenues and funds they receive from all sources. Due to this constraint, workers in nonprofit organizations have been left with no opportunity to attain well salary pays, thus they are less motivated to perform effectively to organization success.

For any organization to achieve its performance objectives must have adequate operational funds. However, operational funds at many organizations in Turkey and the world at large seem to be below, many funders and individual donors have always had an instinctive aversion to giving general operating funds to nonprofit organizations because of fear of funding overhead or administrative expenses. Due to this situation, organizations have faced challenges in hiring staff, paying rent, operating an office, supporting technology systems, buying furniture, even fund costs associated with fundraising.

From Ramadan and Pilo (2014) and Anheier (2005)’s views, the study on organizational performance in nonprofits has become a concern of many academicians and researchers from both management and political science arenas beginning from 1990s. This paves way for publications on performance in nonprofits because the topic cannot be separated from management. For this reason, this study examines a correlation between operational funds and organization performance in nonprofit organizations.

2. Theoretical Frame

2.1. Definition of Nonprofit Organization

The definitions of nonprofit organization are always debated and contested on because a lot is not known about the sector (Kendall and Knapp, 2000). There are different approaches and definitions of nonprofit organization such as legal, functional definitions, economic definitions, and structural operational definitions. (Anheier K. Helmut 2005). Legal definitions of nonprofit sector are those provided in a country’s laws and regulation. For an organization to qualify under this category it is tested and must meet the organizational standards, political standards and the asset set standards. The functional definition looks at what function and purposes will the organization serve, here most commonly expected function is meeting the public’s interests or serving for the purpose of the public. The economic definition maintains that nonprofits should acquire funds only from voluntary contribution, from members and well-wishers; they are not supposed to receive income from sale of goods or provision of services in exchange of money or through any form of taxation. According to many literatures, this view has been considered as the general guideline for defining nonprofits. It also forms the common characteristic amongst nonprofits that are not supposed to distribute their profits. For the structural operational definition, nonprofits are defined according to some criteria which include; formal organization i.e. institutionalized
to some extent for example having a formal charter of incorporation or having meaningful organizational boundaries, they should be institutionally separate from government, it should be equipped to be in position to control its own activities and have a meaningful degree of autonomy and it shouldn’t distribute profits among its owners in case it makes profits but its obliged to use the profits to achieve the sole mission and goals and it must have some significant degree of voluntary practices (Kendall, 2000 and Anheier, 2005).

2.2. Operational Fund

Nonprofit organizations have a wide range of ways to acquire funds and support to run organizational activities and projects. According to Dan Pallotta, 2013 and Brest 2003), there are two most common types of funds nonprofits base on, that is, program (or project) funds and general operating funds (also called general support or unrestricted funds). Project or program funds are those funds which are used in a more specific way and directed towards a particular work or project of the organization. On the other hand, operational funds, it has various names given to it which include; core support, operating support, infrastructure support, and general purpose support. All these phrases are used in different ways but have the same meaning and are used for the same purpose of catering for operational expenses and not spent on direct main programs or projects of the organization (Enright and Shoemaker, 2017). These funds are those that support an organization's overall activities, including operating expenses and overhead rather than to specific projects.

Enright and Shoemaker (2017) further note that operational funds in nonprofit organizations are considered to be working capital which is used to help in running of daily operations in the management. Working capital is a key tool for success of any business just as for nonprofits it is very important in sustenance of operations and management of activities. Lack of operating or working capital may render an organization incompetent as it may not be able to pay its workers or provide other basic operational needs. The major source of working capital or operational funds for nonprofits is donors which come in form of general operational support (Brest, 2003). Operational fund is regarded as an investment made in the human resources of an organization, its strategy, and management. These operational funds are spent in discretion of management which means that management has full autonomy on how it should be spent. (Dan Pallotta 2013).

For Drive and Charleston (2011) operating funds refer to unrestricted current funds that help run nonprofit's activities. They further note that, the principle sources of operational funds is the unlimited contributions from all types of donors. These funds are used to meet administrative expenses, enable an organization to hire staff, pay rent, taxes, operate an office, support technology systems, transportation, travel, repairs, buy furniture, fund the costs associated with marketing, personal training, capacity building and fundraising plus general expenses (Drive and Charleston 2011, Dan Pallotta 2013, and Enright and Shoemaker, 2017).
2.2.1. Sources of Operational Funds

Poole (2014), contends that most financial support to nonprofits is made by government but NPOs are also major recipients of private funding from individuals, trusts, foundations and corporate funders. Their contributions are accounted to 27 percent of the total international funding as per 2011 (Poole, 2014). Many NGOs argue that private funding underwrites their independence and removes their ability to use and respond to both organizational and societal needs in an impartial way. According to a survey by Buteau, et al (2013), 85% of nonprofit leaders prefer to have a sustainable source of funding for operational expenses rather than depending on untimely contributions from donors if organization is to hike its performance. NPOs can acquire resources by collecting membership fees, charge service fees where necessary, sale goods, sale assets especially those which are not being utilized or they can carry out fundraising activities which bring in revenues. According to report by Venture for fundraising 2008, the major challenge of Nonprofit Organizations, roots from too much depending on support which is restricted in use. Securing a sustainable source of funding which is sufficiently flexible to enable response to the needs of organizations remains a major challenge for NPOs (Poole Lydia, 2014).

2.2.2. Amount of Operational Funds

According to the World Association of NGOs, it is stated that nonprofit organization performance is judged by how much it allocates to carter for operational expenses within its overall budget. It further suggests that, operational budgets should be allocated more than 86%. According to Hager, et al (2004) reducing operational funds in NPOs affects organizational effectiveness and performance by denying organizations means to setup infrastructure they need to deliver services in an efficient and effective manner. Additionally, the amount of operational funds available is very important for assessing performance (Ramadan and Borgonovi 2015).

As far as employee perquisites in form of appealing salaries, reduced hours of work and more comfortable working environment is concerned, nonprofit organizations in comparison with public and private sector perform poorly (Werker and Ahmed, 2007). Fewer funds are allocated to employee salaries. For most nonprofits, working conditions are characterized by low earnings compared to working in other sectors whereas the work in nonprofits demands more sacrifice in form of time, working for extended hours and spending personal resources for the sake of the organization (McMullen and Schellenberg 2003). Going by this view means that the only benefit of working for a nonprofit organization is working for the sake of God. From statistics, the amount of funds that international donors channel to nonprofits has risen but this rise has not been reflected in the amount of operational support that organizations receive to carter for internal administrative and organization’s operation expenses. This has left NGOs with great stress of paying its volunteers leading to poor service delivery affecting performance. Most Nonprofit organizations channel their funding to direct activities leaving less attention to operation expenses and forget that without financial resources to run operational activities, there is no mission (Epstein and McFarlan, 2011). According to Lekorwe and Mpabanga, (2007), many
nonprofits all over the world have fallen victims of poor structures because they don’t have enough financial resources to enable them plan, organize design and set up well equipped offices which are well facilitated with adequate equipment.

2.2.3. Timing of Disbursement of Operational Funds

Little literature review has been found on this statement of relationship between timing of disbursement of operational funds and organizational performance. The allocation and disbursement schedule of funds to carter for operational expenses of the organization is heavily dependent on timely and adequate donor contribution (Poole, 2014). In most NPOs, operational funds are not easily accessed due to poor processing and disbursement rates. For instance, Poole (2014) cites in order to access European Relief Funds (ERF), it takes 45 and 70 days which relatively narrows and slows down the operations and performance of the organization.

Just as Donovan (1995) contends, whenever operational funds are not released on time, the performance of organization will also fall respectively. Poole Lydia (2014) too supports this view and adds that nonprofit organizations lack predictable and flexible funding and this is a barrier to effective and efficient response to its organizational activities. She further adds that much of the funds for operation are available on a 12-month basis. Many organizations after this period may not be in position to access funds for operational activities and activities which may require immediate and emergency responses.

2.3. Organizational Performance

Organizational performance in nonprofits has not been given due attention by scholars and researchers in management, the literature has remained lacking and a lot has been left demanding with no vivid explanations of theories and frameworks concerning organizational performance in nonprofit organizations. Organization performance according to Carton B. Robert (2004) simply relates to creation of value. This value is either equal or more than the expectations of the contributors to the organization. For any organization, its stakeholders will judge the value of their contribution from its performance. For Jacob (2011) NGOs performance is simply how well an NGO contributes towards people’s well-being whereas Ramadan and Borgonov (2015) view performance of NPOs as degree to which an organization can access the required both financial and non-financial resources for its survival. If an organization is capable of maintaining performance, then its survival in the service sector is more guaranteed.

Organizational performance is multi-dimensional (Carton B. Robert, 2004). This implies that performance dimensions differ from organization to another, each organization develops its dimension construct depending on its mission and objectives. For purposes of this study two general organizational performance dimensions are discussed.
2.3.1. Organizational Effectiveness

An organization that is successful in achieving its strategy, mission and vision, meet its planned goals and targets in considered to be performing effectively. This effectiveness can be measured in terms of quality and continuity of programs that an organization executes, the staff’s effectiveness on the job, the number of people that a particular program it runs serves, and the number of projects completed (Mitchell Hugh 2002). These measurement scales of organizational performance form the basic metrics that most nonprofit organization relies on to measure performance. However, the specific dimensions that each nonprofit adopts to measure its performance will differ depending on what type of the organization it is and the environment it operates in and also on other various factors.

A closer look at effectiveness in nonprofit organization, it involves management being in position to achieve organization objectives or goals and achieving both the organization’s medium and long-term plans. It answers the question: Are we doing the right things?. Initially effectiveness was largely related on goals i.e the goal model where by an organization to be considered effective depended on the level by which it achieves its goals, but of recent the factors that affect effectiveness has gained concern (Henri).

2.3.2. Fundraising Efficiency

Fundraising efficiency is considered among the major indicators of an organization's financial performance. Andreasen and Kotler (2008) describe fundraising efficiency as a procedure that nonprofit organizations go through to acquire funds for their survival. These procedures or processes involve organization arranging campaign to fundraise funds, making better marketing strategies to attract the attention of new potential donors and the maintaining a good public relation such that the organization doesn't lose its cliental. Therefore for most organization, fundraising efficiency dimension is measured by total membership, public funding for projects, growth in private fundraising and market share.
In conclusion, while these nonprofits are struggling to accomplish their missions using the resources contributed from different sources, management should exercise a lot of transparency in using both general funds and project funds so that the final user of services their render get benefit. By focusing on improving fundraising efficiency, organizations should consider investing appropriately in administrative costs and ultimately increase the amount of funding they receive because well motivated staff is more effective on the job.

3. Research Model And Hypothesis

3.1. Research Model

The research model has five major components which were developed to aid an investigate correlation between operational funds and organizational performance in nonprofits. According to the model, the hypotheses are formed as shown in the following part.

![Figure 2. Research model](image)

### 3.2. Hypotheses

In this study, the relationship between operational funds and organizational performance is investigated by examining the relationship between the components of the two. A total of seven hypotheses were developed to determine the level of this relationship.

**H1:** There is a correlation between operational funds and organizational performance

**H2:** There is a correlation relationship between the sources of operational funds and the effectiveness.

**H3:** There is a correlation between sources of operational funds and fundraising efficiency.
H4: There is a correlation between the amount of operational funds and the effectiveness.

H5: There is a correlation between the amounts of operational funds and the fundraising efficiency.

H6: There is a correlation between the timing of disbursement of operational funds and the effectiveness.

H7: There is a correlation between the timing of disbursement of operational funds and the fundraising efficiency.

3.3. Sample Selection

The sample used was selected from a population of nonprofit organization located in Adana in the province of Seyhan. This population sample is made of organizations listed by Adana Provincial Associations Directorate (Adana İl Dernekler Müdürlüğü). According to the Adana Provincial Associations Directorate records, there are 2300 both active and non-active nonprofit organizations in Adana. With use of random sampling, only 25 active nonprofit organizations were selected from Seyhan city.

3.4. Reliability Analysis

The assessment of the questionnaire was performed in accordance to the standards suggested by Sekaran (2000). In order to reduce and minimize obscurity, and ensure that it is reliable, a pretest was conducted. For reliability, Cronbach coefficient Alpha was used to test internal consistence of the research’s 7 scales. All the latent variables had alpha values higher than 0.70 and the average reliability value is 0.837. The outcomes from the tests indicate that there’s internal consistence in the all scales used in this research and thus reliable

<table>
<thead>
<tr>
<th>Variable</th>
<th>Anchor</th>
<th>Cronbach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational funds</td>
<td>28</td>
<td>.797</td>
</tr>
<tr>
<td>Source of operation funds</td>
<td>10</td>
<td>.828</td>
</tr>
<tr>
<td>Amount of operational funds</td>
<td>09</td>
<td>.793</td>
</tr>
<tr>
<td>Time of disbursement of operational funds</td>
<td>09</td>
<td>.803</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>09</td>
<td>.807</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>06</td>
<td>.815</td>
</tr>
<tr>
<td>Fundraising efficiency</td>
<td>03</td>
<td>.843</td>
</tr>
</tbody>
</table>

3.5. Distribution of Surveys and Return Rate

The distribution and collection of the questionnaire was carried out under the supervision of the researcher. This questionnaire originally was developed in English language, translated to Turkish language to enable the sample population easily understand. Questionnaires where personally distributed to the persons with greater understanding of organization activities who are directly involved in active management of organizations such as presidents, directors, executive directors and administrative officers. There were 48 questionnaires returned for evaluation and used for statistical analysis.
3.6. Method of Analysis of Data

For data analysis, the researcher used both quantitative and qualitative techniques. Qualitative technique is used to explain in detail the information on the subject obtained from various literatures reviewed whereas quantitative analysis deals with attaching numbers to data to come up with different scores from different respondents in the questionnaire. This process involved data collection, then descriptive statistics were developed, and then conclusions were made depending on the statistical results got, all these were carried out using a statistical Package for Social Sciences (SPSS). The results of that analysis were presented in form of tables, and graphs for interpretation. The relationship between variables was determined using the Pearson Coefficient of Correlation.

4. Results

4.1. Distribution of Participation by Age

According to the findings, 13 respondents were under the age range of (30-40), 6 respondents applied to the age range of (40-50), and 29 were under the age range of (51-60). Although included among the options, there was no respondent in 20 years and below age range. A large majority (29 participants) were between the ages of 51-60.

<table>
<thead>
<tr>
<th>Age range</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>30-40</td>
<td>13</td>
<td>27.1</td>
</tr>
<tr>
<td>40-50</td>
<td>6</td>
<td>12.5</td>
</tr>
<tr>
<td>51-60</td>
<td>29</td>
<td>60.4</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The majority of the age group of 51-60 shows that the respondents have enough experience in management of nonprofit organizations. This also implies that they have quite enough knowledge in the nonprofit organization sector. However, the results may also indicate that the youth have not showed a lot of interest in management of nonprofit businesses and organizations.

4.2. Distribution of Participants According to Gender

Table 3 shows the distribution of participants by gender. According to this, while gentlemen constituted the majority (77.1%) with 37 participants, the ladies consisted of 11 participants (22.9%). When the tabulated data are analyzed, less women are involved in management of nonprofit organizations especially where the organization activities are not directly centered on women.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>37</td>
<td>77.1</td>
</tr>
<tr>
<td>Women</td>
<td>11</td>
<td>22.9</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.3. Distribution of Participants According to Education Level

Table 4 indicates that 21 of the respondents were high school graduates forming the majority (43.8%). This is followed by 18 respondents with bachelor's degree (37.5%) and only 7 participants had completed postgraduate studies with (14.6%). There were 2 participants who were noticed to have no education level attained and these responded not applicable. There was no respondent with a PHD. With majority of respondents having attained high school qualifications suggests that, people with degree and postgraduate have involved much in working with nonprofit organizations not leaving them to the mercy of unqualified people to manage this sector. This explains the recent growth of interest by academician and scholars in the in the management of nonprofit organizations.

<table>
<thead>
<tr>
<th>Education level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school</td>
<td>21</td>
<td>43.8</td>
</tr>
<tr>
<td>Graduate</td>
<td>18</td>
<td>37.5</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>7</td>
<td>14.6</td>
</tr>
<tr>
<td>PHD</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Not applicable</td>
<td>2</td>
<td>4.2</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.4. Position of Respondents in the Organization

Table 5 reveals that most respondents of the survey identified themselves as board members of their organizations with 43.8%. Only 6.3% of the respondents reported their positions as President of their organizations, 10.4% Vice President and 39.6.3% of them where staff. These statistics imply that most of the respondents had knowledge of organizations affairs and were involved in decision making in the organizations. The fact that there were a good number of staff as respondents means that internal management situations in organization were reflected as these staff involve in day to day management of the organizations.

<table>
<thead>
<tr>
<th>Position in the organization</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>3</td>
<td>6.3</td>
</tr>
<tr>
<td>Vice president</td>
<td>5</td>
<td>10.4</td>
</tr>
<tr>
<td>Board member</td>
<td>21</td>
<td>43.8</td>
</tr>
<tr>
<td>Staff</td>
<td>19</td>
<td>39.6</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.5. Description of Organization

Table 6 reveals that most respondents identified their organizations under the category of Social movement organizations. Social movement organization are those institutions which advocate and work for collective efforts to help the poor, the powerless, the unprivileged through extending tangible good, extending poverty alleviation programs and improve their standards of living.
Table 6. Description of Organization

<table>
<thead>
<tr>
<th>Type of organization</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government agency</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non governmental Organisation</td>
<td>6</td>
<td>12.5</td>
</tr>
<tr>
<td>Faith based Organisation</td>
<td>5</td>
<td>10.4</td>
</tr>
<tr>
<td>Community Organisation</td>
<td>2</td>
<td>4.2</td>
</tr>
<tr>
<td>Social movement</td>
<td>35</td>
<td>72.9</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.6. Organization’s Budget for Operational Funds

The size of operational budget is evenly distributed across all organizations included in the survey. The median annual previous operational budget for most of the organization is 200,000 - 500,000 TL. Only 14.6% of respondents have an annual budget higher than this figure and 85.4% have are lower than it. These results imply that most organizations have just minimum operational funds to cover their operational expenses. This reflects the low quality of services, poor remuneration, poor infrastructures which all have contributed to poor performance of nonprofit organizations. This is strong agreement with De Vita and Fleming (2001) view that most of these organizations may be small in capacity but still they cannot acquire enough resources to address the problems they encounter in the line of service delivery.

Figure 3. Size of organization’s budget for operational funds

4.7. Correlation Analysis between Variables

Correlation analysis measures the degree of linear relationship between any two variables. The Correlation analysis run in this study discloses the relationship between variables and for matter of our research, the key independent variables are; operational fund as the main independent variable and sub-variables are; Source of operational fund, amount of operational fund, and timing of disbursement of operational funds. The key dependent variables are; organizational performance as the main dependent variable and the sub-variables
are; effectiveness and fundraising efficiency. The results are summarized in the table below.

**Table 7. Correlation Analysis**

<table>
<thead>
<tr>
<th></th>
<th>Operational Fund</th>
<th>Organizational performance</th>
<th>Organization type</th>
<th>Size of operational fund budget</th>
<th>Source of operational funds</th>
<th>Amount of operational funds</th>
<th>Timing of disbursement of operational funds</th>
<th>Effectiveness</th>
<th>Fundraising efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Operational Fund</td>
<td>.530**</td>
<td>.125</td>
<td>.520**</td>
<td>.689**</td>
<td>.873**</td>
<td>.797**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Organizational performance</td>
<td>.530**</td>
<td>.163</td>
<td>.312*</td>
<td>.238</td>
<td>.445**</td>
<td>.503**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Organization type</td>
<td>.125</td>
<td>.163</td>
<td>.393**</td>
<td>.034</td>
<td>.215</td>
<td>-.001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Size of operational fund budget</td>
<td>.520**</td>
<td>.312*</td>
<td>.393**</td>
<td>.583**</td>
<td>.411**</td>
<td>.167</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Source of operational funds</td>
<td>.689**</td>
<td>.238</td>
<td>.034</td>
<td>.583**</td>
<td>.420**</td>
<td>.221</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Amount of operational funds</td>
<td>.873**</td>
<td>.445**</td>
<td>.215</td>
<td>.411**</td>
<td>.420**</td>
<td>.664**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Timing of disbursement of operational funds</td>
<td>.797**</td>
<td>.503**</td>
<td>-.001</td>
<td>.167</td>
<td>.221</td>
<td>.664**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Effectiveness</td>
<td>.589**</td>
<td>.925**</td>
<td>.251</td>
<td>.392**</td>
<td>.234</td>
<td>.567**</td>
<td>.517**</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Fundraising efficiency</td>
<td>.322*</td>
<td>.843**</td>
<td>-.077</td>
<td>.112</td>
<td>.137</td>
<td>.208</td>
<td>.380**</td>
<td></td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).**

**Correlation is significant at the 0.05 level (2-tailed).**

**H1:** There is a correlation between operational funds and organizational performance

The results of correlation analysis in table 7 show that under the Pearson correlation, operational fund is statistically and significantly correlated with organizational performance given the results \( r = .530, p \leq .001 \). Since p-value is less than 0.01, we conclude that there is a positive and significant correlation between operational funds and organizational performance.

**H2:** There is a positive correlation relationship between the sources of operational funds and the effectiveness.

The results of the analysis indicate that there is no statistical significant correlation between sources of operational fund and effectiveness \( r = .234, p > .05 \). This is because the correlation had p-values more than 0.01 and therefore the hypothesis H2 is rejected.

**H3:** There is a positive correlation between sources of operational funds and fundraising efficiency

Source of operational funding was also not significant and statistically correlated with fundraising efficiency \( r = .137, p > 0.05 \) because the p value was greater
than 0.05 significance level. Because of this result, hypotheses H3, “There is a positive correlation between sources of operational funds and fundraising efficiency” was rejected.

**H4:** There is a positive correlation between the amount of operational funds and the effectiveness.

Amount of fund and effectiveness were positively, statistically and significantly correlated at \((r = 0.567, p<0.01)\). Therefore, hypotheses H4 “There is a positive correlation between the amount of operational funds and the effectiveness” is accepted.

**H5:** There is a positive correlation between the amounts of operational funds and the fundraising efficiency.

The results in table 7 of \((r = 0.208, p > 0.05)\) show that there is no significant correlation between amount of operational funds and fundraising efficiency. This implies that hypotheses H5; There is a positive correlation between the amounts of operational funds and the fundraising efficiency is rejected.

**H6:** There is a positive correlation between the timing of disbursement of operational funds and the effectiveness.

According to the results shown in table 7 above \((r = 0.517, p < 0.01)\) indicate that, timing of disbursement of operational funds was positively and significantly correlated with effectiveness. This allows us to accept hypotheses H6 that “There is a positive correlation between the timing of disbursement of operational funds and the effectiveness”.

**H7:** There is a positive correlation between the timing of disbursement of operational funds and the fundraising efficiency.

The results in table 7 further indicate that timing of disbursement of operational funds is positively and significantly correlated with fundraising efficiency \((r = 0.380, p < 0.01)\). This implies that hypotheses H7; “There is a positive correlation between the timing of disbursement of operational funds and the fundraising efficiency” is accepted.

### 4.8. Other Correlation Analyses

In the table 7, when we examine other correlation analyses made, operational fund is positively and significantly correlated with size of operational fund budget, source of operational funds, amount of operational funds and timing of disbursement of operational funds \((r = 0.520, p<0.01), (r = 0.689, p<0.01), (r = 0.873, p<0.01)\) and \((r = 0.797, p < 0.01)\) respectively. However operational fund was not correlated with organizational type \((r = 0.125, p>0.05)\). Organizational performance significantly correlated with size of operational fund budget, amount of operational and timing of disbursement of operational funds \((r = 0.312, p<0.01, r = 0.445, p<0\) and \(r = 0.503 p<0.01)\) respectively. However Organizational performance did not correlate with the type of organization and source of operational fund \((r = 0.163, p>0.05, r = 0.238, p>0.05)\). The other analysis indicates that, the type of organization has a positive and significant correlation with size of operational fund budget \((r = 0.393, p < 0.01)\) but it did not have a correlation with all the other
variables. Size of operational fund budget is significantly correlated with organizational performance, organization type, source of operational fund, amount of operational fund, organizational effectiveness (r = .312, p < 0.01), (r = .393, p < 0.001) (r = .583, p < 0.01), (r = .411, p < 0.01) and (r = .392, p < 0.01) respectively whilst the analysis found no correlation between size of operational fund budget and timing of disbursement of operational fund and fundraising efficiency (r = .167, p > 0.05), and (r = .112, p > 0.05) respectively. Source of funding is not significantly correlated with timing of disbursement of operational funds (r = .221, p > 0.05) and Amount of funds appears to be positively and statistically correlated with organizational performance, timing of disbursement of funds (r = .445, p < 0.01), (r = .664, p < 0.01).

In summary, when we examine the hypotheses in line with the correlation analysis; independent variables, operational fund, amount of operational fund and timing of disbursement of operational funds had high significant relationship with organizational effectiveness (r = .530, p ≤ .001), (r = .567, p-value ≤ 0.1) and (r = .517, p-value ≤ 0.1) respectively. Timing of disbursement of operational funds showed positive and significant correlation with both dependent sub-variables (effectiveness and fundraising efficiency). However, source of operational funds didn’t have a significant correlation with both organizational performance dependent sub-variables (effectiveness and fundraising efficiency). These analyses imply that operational funds are correlated with organizational performance in nonprofits.

5. Conclusion

After carrying out all the necessary analyses, the correlation analysis showed that there is a positive and statistically significant correlation between operational funds and organization performance because of (r = .530, p ≤ .001) values obtained at 0.01 level of significance. The results imply that since operational funds play a role in an organization’s performance, organizational performance also is considered important in determining operational fund to be allocated.

Research results on source of operational funds indicate that, source of operational fund is not significantly correlated with organizational effectiveness and fundraising efficiency. The reason for this finding may be that, the study design used to generate the data was not sufficient enough to reveal a correlation. The other reason for no correlation is that, source of fund and fundraising are more to be a similar variable. Fundraising efficiency involves growth of nonprofit revenues just as source of funds contributes to an organization’s revenue base thus no correlation is expected since there is a lot of similarity in the variables.

Despite no significant correlation detected between source of operational funds and effectiveness discovered in the research, it is known that various sources of funds prevent organization to freely use the funds on operational expenses which negatively affects staff effectiveness on job, achievement of mission, or completing of projects. Organizations that rely on resources acquired from member contributions, revenues from income generating activities are in a better position to manage and run marketing and fundraising activities, support administration and cater for operational costs without many hindrances. On the other hand,
organizations that rely on government funding are liable to encounter difficulties in implementing good administration practices and may lack autonomy in making managerial decisions. This is because such funds have strings attached to them and always have inconsistence in flow.

A positive and significant correlation between the amount of operational funds and effectiveness was observed. The finding is supported by Seifert (2002) who maintains that, lack of enough amounts of operational funds is the leading cause of low organizational performance in non-profitable Organizations. However, research found no correlation between amount of operational funds and fundraising efficiency. This may be due to the similarity that exists between the two variables.

Though there is little literature review on timing of disbursement of operational funds and organizational performance, the available research maintain that organizational performance is greatly influenced by the timing of disbursement of operational funds. According to Donovan (1995), the expected performance results from management will always be below whenever donors or management under looks operational funds and allocations are not made in an efficient and effective way.

In most cases, funders and donors overlook operational costs and eye main organization project while the implementatio is done by management. Operational funding should not only be used as tool for effective management, but it may also be considered as a more practical instrument that nonprofit organizations can use to improve both effectiveness and strengthen the financial efficacy.

Management to achieve its mission and goals, resources should be made available in required time. There is always a tendency in nonprofits to over exaggerate volunteerism which leaves workers getting either low salaries or no pays which forces them to reduce the quality and quantity of services their render, such instances of distaffication causes management ineffectiveness which spreads even to the organization's goals.

Dialogue between the management of organization and the providers of financial support or funds to nonprofits in order for each party to understand its differences and perception about operational funds should be emphasized. The dialogue must specially involve sharing ideas on the issue of the costs incurred in carrying out administration activities which costs are always hidden that most funders may not realize that management incurs such costs.

There is more demand for comprehensive research on operational funding in line with organizational performance in the human service nonprofit sector. Most the researches explore factors that influence organizational performance without considering the operational resources. With more research on operational funding and performance, we can be sure that various stake holders in nonprofits will pay more a concern to operational funds which in return will lead to an improvement in effectiveness of organizations.
In conclusion, organizational performance is not easy to measure given the various dimensions and measures involved and they vary from organization to organization, this study decided to a correlation between operational funds and organizational performance. This kind of research design forms smooth grounds for carrying out further deep studies on performance with other variables beyond effectiveness and fundraising efficiency.

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