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ADAPTIVE CAPACITY AND SOCIAL CHANGE

Introduction: A Conceptual Framework

Organizational Learning and Long-term Stability

Nancy Strichman and Fathi Marshood

If there is one kind of certainty for social-change nonprofits such as those participating in the Haifa–Boston Learning Exchange, it is that they will continually be challenged to cope with periods of instability and possible crises. The ability to adapt to changing environments, learn from experience, and perform in conditions of uncertainty are considered critical tools for organizations in order to ensure sustainability. Developing this “adaptive capacity” is a particular challenge for nonprofits at the start-up or growth phase of their organizational development, as are many of the Haifa–Boston Learning Exchange participants. This discussion presents a conceptual framework for adaptive capacity.

Introduction

Especially in today’s environment, the capacity of organizations to learn is considered crucial for ensuring long-term organizational stability and productivity.¹ Adaptive capacity essential for nonprofits to achieve their mission, requires nonprofits to act as learning organizations and collectively gain insights from their experiences and surrounding environment in order to enhance organizational performance.² For organizations to learn, individuals have to learn.³ Continual scans of the environment, systematic reflection around goals, and a culture of collaboration and trust are essential elements to support individual learning and organizational learning.⁴ Indeed, among the four core organizational capacities that are considered critical for nonprofits: adaptive capacity, leadership capacity, management capacity, and technical capacity, adaptive capacity is considered by many as the most vital.⁵ Efforts

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such as the Haifa–Boston Learning Exchange, which encourage nonprofit leaders to collectively reflect on their work and to strengthen community networks, offer vital opportunities to build organizational adaptive capacity.

In considering the theoretical model for adaptive capacity, we should keep in mind that the demands on an organization and its capacity to respond will vary depending on the nonprofit’s stage of organizational life.⁶ Nonprofits at the start up or growth phase face a particular set of challenges in maintaining their adaptive capacity. Based on recent research on the topic, including specifically on Haifa-based social-change nonprofits, we can consider in this discussion the ability of emerging social-change nonprofits to improve their adaptive capacity within the context of their particular stage of organizational development.

Adaptive Capacity: A Theoretical Background

The concept of adaptive capacity draws upon research on nonprofit capacity building, organizational learning, and knowledge management.⁷ The table below presents five key dimensions of adaptive capacity. It is worth noting that the dimensions are interrelated, overlapping, and serve to strengthen one other.

Five Key Dimensions of Adaptive Capacity⁸

	Description of Concepts
Shared Vision	<ul style="list-style-type: none"> • Creating shared understanding, collectively building a shared purpose. Staff involved in setting, owning, and implementing a joint vision. • Organizational vision integrated with personal vision. Understanding how job tasks fulfill organizational goals. • Articulated learning strategy and investment in long-term planning.
Inquisitiveness/ Openness	<ul style="list-style-type: none"> • Embracing dissension and diversity of perspectives. Willingness to question underlying assumptions and accepted wisdom. • Rewarding curiosity, risk taking, and experimentation. A marketplace for new ideas with a participatory style of decision making. • Nurturing a safe environment for failure. Learning collectively from past mistakes. Discussions focus not only on success or noncritical problems.

<p>Evaluative Thinking/ Systems Thinking</p>	<ul style="list-style-type: none"> • Understanding interdependence of different parts of organization. • Recognizing patterns of change/ Addressing underlying causes of events/ Acknowledging the nature of unpredictability. • An “appetite for inquiry”: seek out data and information in order to learn, and then apply and share the knowledge. • Data collection, learning, and knowledge development are an essential, organization-wide effort. Evaluative activities are considered as a tool for learning and improving performance.
<p>Social Capital</p>	<ul style="list-style-type: none"> • Creating an environment of trust among staff. Ensuring that organizational policies nurture trust. • Encouraging group dialogue, communication, and collective reflection. Signaling the importance of knowledge sharing and importance of reciprocity. Rewarding group success, not just individual. Expectation of staff to work together. • Creating opportunities for interaction (providing both time and space). Supporting the creation of social networks.
<p>External Focus/ Network Connectedness</p>	<ul style="list-style-type: none"> • Awareness of interdependence with surrounding environment. “Sufficiently porous” to information and ideas, and locates resources and capacities from outside of organization. • Understanding of potential to create systematic change through strategic alliances and joint efforts with other organizations. Construction of partnerships or affiliations with other organizations and colleagues. • Understanding needs of clients or other organizational stakeholders.

Opportunities and Challenges to Adaptive Capacity

Based primarily on our research study of Haifa-based social-change organizations, the following discussion highlights selected issues facing social-change nonprofits in strengthening their adaptive capacity at an early or growth stage of development: (a) defining a niche, (b) coping with growth, and (c) developing an organizational approach. The discussion explores growing pains of nonprofits, which can usually be anticipated and viewed as part of the normal process of organizational development.

Defining a Niche⁹

As we learned from research on social-change nonprofits in Haifa in particular, there is great motivation and commitment of the staff to the organizational mission. Part of a relatively new social-change community in Israel, a significant percentage of the current staff in the research sample are some of the founders who often worked for years as volunteers prior to the official establishment of their nonprofits. This dedication to the organizational vision among the staff is also accompanied by a keen sense of immediacy and urgency about their work. Operating in the highly volatile

Israeli social-political context, the staffs of these nonprofits have to remain motivated and committed to their organizational vision. Indeed, the majority of the nonprofits in the sample enjoy an important characteristic of learning organizations — personal fulfillment and professional fulfillment are intertwined.

Yet while there may be strong consensus on the organizational vision, it is uncertain as to what degree nonprofits are able to successfully map an organizational strategy or provide sufficient clarity regarding the specific organizational goals. For example, staff members from two different organizations voiced their concern:

We need to match our strategies for each goal. It is very difficult for us to connect the goals of the organization with the investment of time and to understand that if we do A, it will lead to B, which will lead to C.

And,

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

As many of these nonprofits continue to grow, they are carefully defining their organizational niche as they struggle to fully align the organization's vision, strategy, and capacities. A particular difficulty that we have often heard articulated by staff members of various nonprofits is the ongoing dilemma of matching their strategy to their vision in the midst of growth. Especially for many of these nonprofits that are struggling to secure funding and gain public legitimacy, it requires a great deal of discipline to resist being diverted from their core mission. Indeed, it is precisely during the growth phase that organizations define their distinctive competence; "it becomes a nonprofits' edge and provides a distinguishing factor for internal pride and external support."¹⁰

Nonprofits, especially those in the early stages of development, must concern themselves with the question of how to fit within their local environments and the manner in which their mission, strategies, and programs distinguish them as organizations. While no niche is "permanently secure" for nonprofits at any stage, this process can be especially problematic for smaller and newer organizations that are not as connected to the community as more established organizations.¹¹ Numerous studies, analyzing the transformation of ideologically based or activist start-up nonprofits into established organizations, note the difficulties that can emerge as an organization situates itself within its external environment.¹² As nonprofits become more formalized, they can find themselves struggling to keep a balance between maintaining their grassroots connections while also working to expand and improve services. Inter-organizational conflicts can arise regarding concerns such as the co-optation of the organization by supporters and funders, the institutionalization of collective action, or the loss of organizational autonomy that can come with greater public support and integration into the policy-making process.¹³ For example, in order

to work with governmental organizations and forge relations with other nonprofits and agencies, nonprofits may be pressured to channel their work into issues with more mainstream appeal and change their advocacy tactics.¹⁴ These are certainly salient issues for the social-change nonprofits, including those participating in the Haifa–Boston Learning Exchange, many of whom are working to empower disenfranchised populations and engage in different types of advocacy and collective action.¹⁵

Coping With Growth

The intimate and informal nature that characterized the establishment phase of many of the nonprofits we studied is slowly being transformed, either intentionally or unintentionally, in order to cope with growth. As explained by a staff member of one nonprofit:

We are now moving from ad hoc procedures that were based on ideology and commitment into one that has established roles, and yet at the same time allows flexibility.

In the midst of growth, nonprofits are often searching for a balance between an organizational culture that prizes informality and openness with the need to develop systems and procedures that can maximize performance. Indeed, while organizational growth should ideally be planned and carefully managed, it can often occur without an accompanying strategy and place a significant strain on the capacities of a nonprofit. Rapid growth, often sparked by a sudden influx of resources (i.e., big money), can actually pose a threat to the long-term sustainability of an organization.¹⁶ We often see that nonprofits at this stage tend to find themselves in the process of gauging their current limitations and deciding how to pace their rate of growth. The establishment of an organizational infrastructure that can provide stability and enhance learning becomes essential for ensuring their adaptive capacity. Yet maintaining this balance can be especially challenging, as one staff member noted: “We are a small organization doing big things. And you can lose important things when trying to be big.”

Numerous studies have addressed the difficulty that organizations with political and social change goals face in establishing formal nonprofits. The process of formalization, where the organization becomes more professionalized and adds new services and staff positions, generally creates the need for more complex administrative systems and a more hierarchical nature of information sharing.¹⁷ As the organizational structures and decision-making processes undergo transformation, the original network of relations begins inevitably to change and volunteers or staff members may begin to lose their “sense of place.”¹⁸ Staff members who enjoyed the informality and frequent chaos of the start up phase can encounter difficulties when organizational life becomes more routinized, and they are subsequently required to deal with seemingly mundane issues such as filing systems, personnel policies, and

regular staff meetings.¹⁹ We sometimes see that there can also be a resistance by staff members to the creation of a more formalized hierarchy and the introduction of new administrative responsibilities (e.g., staff may feel that they are losing some of their autonomy or may resist newly implemented reporting routines).²⁰

The process of formalization during the growth phase for a nonprofit can be especially relevant for maintaining adaptive capacity. While enjoying very strong value systems, we see that many nonprofits do not necessarily have the history of a reporting culture among the staff. Staff members, after years of operating in a work environment that was “volunteer-oriented,” are now being held much more accountable for gathering data, documenting their experiences, and sharing their learnings; for example, knowledge exchange that may have taken place informally is slowly being replaced by office memos, e-mail updates, and performance reports. Nonprofits can frequently find themselves challenged to put systems in place, and to provide time and space for their growing staff to share knowledge, learn collectively, and work in cooperation. With minimal resources to invest in skill development, reward staff performance or provide monetary incentives for staff to engage in activities that may enhance organizational learning, these nonprofits have to be especially strategic in developing a shared understanding of what knowledge is needed to successfully pursue the organization’s strategic goals.

Developing an Organizational Culture and Approach

As indicated in our research findings on social change nonprofits based in Haifa, social capital provides a sense of stability and connection among the staff members to their respective organizations. The work is quite difficult, often unpredictable, and the road can be rather bumpy; as one staff member cited the expression in Arabic, “one day is honey, one day is onion.” The nonprofits in the sample are generally characterized as collaborative work environments that enable open dialogue and feedback. The majority of the nonprofits, many of whose stated goal is to create a more just and democratic society, are conscious of linking their organizational values to their organizational management style. They are purposeful about creating an organizational culture that mirrors the values that they espouse to the outside. Overall, staff members indicate that the organization leadership employs a participatory model of decision making and that they generally feel comfortable asking questions, offering alternatives, and conveying information that may contradict current practices or beliefs, key indicators of an organizational culture that nurtures adaptive capacity.

It is during the growth phase in a nonprofit’s development that it becomes “less dependent on individuals and more method oriented,” establishing a culture and an approach that distinguish it as an organization.²¹ Indeed, what is unique about emerging nonprofits is that “there are no precedents”; during the early stages the organization

must establish procedures, routines, and systems for the first time.²² We often see that nonprofits, as they undergo a process of transformation and growth, need to develop an organizational style that balances participatory decision-making structures and collaborative work environments with an effective organizational infrastructure.

As discussed earlier, organizational growth is generally accompanied by developments such as an increase in staff size and a more formalized management structure. When a nonprofit strengthens its management capacity, a casual division of labor is gradually replaced with a greater hierarchical structure (i.e., previously volunteer-based organizations add paid staff and board members, job descriptions become specialized, systematic processes for staff orientation and staff training are implemented).²³ As nonprofits develop their particular culture and organizational routines, the organization becomes more dependent on “positions and less dependent on individual people.”²⁴ It is during this transitional time that individual contributions become more “interchangeable.”²⁵ A sense of uncertainty can pervade the organization, creating tensions between volunteers and staff or between the first stage, entrepreneurial staff and the second stage, professional staff.²⁶ For example, staff and volunteers may be reluctant to welcome new specialized staff members, or have their job roles reallocated and their responsibilities changed.

As noted earlier, nonprofits such as those in our research are generally characterized by collaborative work environments and high levels of social capital. Organizations with this type of organizational culture tend to be reasonably well-equipped to manage the complex transition of an organization defined by its people to an organization being defined by its organizational approach. As these nonprofits decide how to balance the formalization process with their participatory management styles, they will need to determine the role that ideology plays in organizational transformation, especially because they tend to be very conscious of linking their organizational values to their organizational structure. Research studies on feminist organizations, for example, highlight this challenge and the need for the nonprofit to reconcile its priorities for growth and its ideological commitment to the equitable distribution of power.²⁷ Certainly nonprofits that we see, including feminist organizations, are coping with these issues as they figure out their organizational direction.²⁸

Conclusion

Light discusses fundamental questions that all nonprofits should ask when they are establishing themselves: “How will we make a difference? Who does what in the organization? Why do we exist? How will we know we are successful, if we are?”²⁹ As we see in the development of the Haifa–Boston Learning Exchange, efforts to create opportunities for reflection on critical organizational questions and issues can provide essential support to nonprofit leadership. These types of efforts can provide a model

for building networks for learning as well as for shared cooperation in promoting goals. Opportunities such as the Learning Exchange should be expanded to help strengthen the adaptive capacities of social-change organizations as they grow and evolve to better enable them to contribute to the creation of a civil society in both the United States and Israel.



Notes

1. D. Garvin, *Learning in Action: A Guide to Putting the Learning Organization to Work* (Boston: Harvard Business School Press, 2000); C. Argyris and D. Schon, *Organizational Learning II: Theory, Method, and Practice* (Reading, MA: Addison-Wesley, 1996); Peter Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization* (New York: Doubleday, 1990).
2. C. W. Letts, W. Ryan, and A. Grossman, *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact* (New York: John Wiley & Sons, Inc., 1999); C. Sussman, "Making Change: How to Build Adaptive Capacity," *The Nonprofit Quarterly*, 10, no. 4 (2003) <http://www.nonprofitquarterly.org/section/463.html>
3. Senge, *The Fifth Discipline*; H. Preskill and R. Torres, *Evaluative Inquiry for Learning in Organizations* (Thousand Oaks, CA: Sage, 1999).
4. M. Volpe and V. Marsick (1999), "The Nature of and Need for Informal Learning," *Advances in Developing Human Resource* 3 (1999): 1–9.
5. Letts and others, *High Performance Nonprofit Organizations*, P. Connolly and P. York, *Building the Capacity of Capacity Builders to Last: A Grantmaker's Guide to Strengthening Nonprofit Organizations* (Philadelphia: The Conservation Company, 2003), <http://www.tccgrp.com/pdfs/buildingthecapacityofcapacitybuilders.pdf>
6. Susan K. Stevens, *Nonprofit Lifecycles: Stage-Based Wisdom for Nonprofit Capacity* (MN: Stagewise Enterprises, Inc., 2001); Judith S. Simon, *The Five Life Stages of Nonprofit Organizations* (Saint Paul, MN: Fieldstone Alliance, 2001). While the specific developmental stages are defined differently by various nonprofit researchers, the lifecycle approach, in general, outlines the various organizational milestones including the initial idea phase (*Can this dream be realized?*), the growth stage (*How can we build this to be viable?*), and the mature phase (*How can the momentum be sustained?*).
7. See N. Strichman, *The Adaptive Capacity of Social Change Nonprofits* (Saarbrücken, Germany: VDN Verlag, 2004) and N. Strichman, B. Bickel and F. Marshood, "Adaptive Capacity of Social Change Organizations in Israel," *Nonprofit & Voluntary Sector Quarterly* 37 (2008): 224–248.
8. See N. Strichman, "Adaptive Capacity in Israeli Social Change Nonprofits," *Nonprofit and Voluntary Sector Quarterly* (2009) at <http://nvs.sagepub.com/cgi/content/abstract/37/2/224> for more detail.
9. Niche will be defined as "distinctive competence," see Stevens, *Nonprofit Lifecycles*, 4. For other definitions of organizational niche, see J. Galaskiewicz and W. Bielefeld, *Nonprofits in an Age of Uncertainty: A Study in Organizational Change* (NY: Aldine De Gruyter, 1998).
10. Stevens, *Nonprofit Lifecycles*, 32.
11. Quote by T. David, *Reflections on Sustainability* (Woodland Hills, CA: California Wellness

- Foundation, 2002): 10 http://www.tcvf.org/pdf_docs/reflections/feb2002.pdf; M. Hager, J. Galaskiewicz, W. Bielefeld, and J. Pine, "Tales from the Grave: Organizations' Accounts of Their Own Demise," *American Behavioral Scientist* 39, no. 8 (1996): 975–994. The authors explore this issue in depth within the context of research findings linking organizational size and age to organizational survival.
12. For more on how nonprofit leadership develops varying strategies in order to adapt to the environment and how this ultimately affects organizational change, see Galaskiewicz & Bielefeld, *Age of Uncertainty*.
 13. S. Staggenborg, "The Consequences of Professionalization and Formalization in the Pro-Choice Movement," *American Sociological Review* 53, no. 4 (1998): 585–605; J. Thomas, "Everything About US is Feminist: The Significance of Ideology in Organizational Change," *Gender and Society* 13, no. 1 (1999): 101–119; H. Lune, "Weathering the Storm: Nonprofit Organization Survival Strategies in a Hostile Climate," *Nonprofit and Voluntary Sector Quarterly* 31, no. 4 (2002): 463–483.
 14. Lune, "Weathering the Storm."
 15. See Strichman, *Adaptive Capacity*.
 16. A. Filipovitch, "Organizational Transformation of a Community-Based Clinic," *Nonprofit and Management Leadership* 17, no. 1 (2006): 103–115.
 17. See, for example, Thomas, "Everything about US is Feminist"; Staggenborg, "Consequences"; and Filipovitch, "Organizational Transformation."
 18. M. Kelley, H. Lune, and S. Murphy, "Doing Syringe Exchange: Organizational Transformation and Volunteer Commitment," *Nonprofit and Voluntary Sector Quarterly* 34, no. 3 (2005): 375.
 19. Stevens, *Nonprofit Lifecycles*.
 20. See Strichman, "Adaptive Capacity in Israeli Social Change Nonprofits."
 21. Stevens, *Nonprofit Lifecycles*, 32.
 22. La Piana Associates, Inc., *Tools for Assessing Startup Organizations* (Washington, DC: Grantmakers for Effective Organizations, 2003), 7.
 23. Thomas, "Everything About US is Feminist"; Staggenborg, "The Consequences of Professionalization"; Filipovitch, "Organizational Transformation of a Community-Based Clinic."
 24. Stevens, *Nonprofit Lifecycles*, 25.
 25. Kelley, Lune, & Murphy, "Doing Syringe Exchange. The research discusses the case of high risk volunteering, concluding that when the organization becomes more institutionalized, the individual commitment of the volunteers becomes less critical.
 26. Ibid; Stevens, *Nonprofit Lifecycles*.
 27. A research study on feminist organizations that originally started out as collectives, for example, discussed how the ideology (in addition to internal dynamics or environmental forces) impacted on organizational transformation (Thomas, "Everything About US is Feminist").
 28. Staggenborg's (1988) research, for example, found that feminist organizations that choose a more formalized organizational structure, which enables them to mobilize resources and hire additional professional staff, are taking critical steps to ensure their long-term sustainability. Factors such as established procedures, bureaucratic processes for decision making and a developed division of labor provide these organizations with continuity, thereby enabling them to perform certain tasks routinely and to reduce their exclusive dependence on the executive director for leadership.
 29. P. Light, *Sustaining Nonprofit Performance* (Washington, DC: Brookings Institution Press, 2004), 141.