

A COMPARISON OF NONPROFITS' APPLICATION OF PROJECT MANAGEMENT PRACTICES

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The article examines how nonprofit organizations apply project management standards. The analysis draws on a study of practices in four purposively selected and compared organizations in the United States and Lebanon. The findings from the case study indicate that even though some nonprofits apply and follow project management standards, the labeling and framing might be different from what is done in for-profit organizations. The nature of the nonprofit sector's priorities, activities, and environments (e.g., donor requirements) sometimes necessitates adjusting traditional project management standards, tools, and techniques. It is more important for nonprofits to make their projects transformational, innovative, and flexible rather than to adhere strictly to inflexible, disciplined, and standardized project management practices.

Keywords: nonprofit; NGOs; project management

Introduction

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<http://scholarworks.iu.edu/iupjournals/index.php/jmp>
DOI: 10.2979/muslphilcivisoc.2.2.02

Project management principles are often associated with the private sector; however they often find some ground in the nonprofit sector. Generally, these principles are promoted to ensure the quality and effectiveness of an organization's work and also bring valuable direction to the hands of leaders and managers of organizations. Nonprofit managers, who are often tasked with managing projects funded by government grants, donations, or philanthropic investments, would benefit from principles that provide guidance on executing strategic goals and objectives. Given its significance, research on this subject is fruitful and deserves in-depth focus and empirical investigation.

Scholars and practitioners are not in full agreement on the efficacy and applicability of using project management principles in the nonprofit sector. Some arguments are based on the notion that project management success relies on the individual manager's expertise, which is constant across all fields and sectors (e.g., Bruna & Pulmanis, 2011; Carden & Eagan, 2008; LaBrosse, 2007). Less favorable arguments reflect some skepticism in regard to the net benefits from the project management approach due to the added costs and complexities involved in measuring success of goal achievement in the nonprofit sector (Bygstad & Lanestedt, 2009; Markic et al., 2012).

This article provides a bridge between concepts and practice with the objective to build on knowledge for scholars of nonprofit management but also for practitioners in the nonprofit sector. It unveils how nonprofit organizations apply project management standards as well as how they coordinate time and resources to implement projects (i.e., short-term activities with a specific start and end date). Four organizations are compared. Two nonprofits in two different countries, adopt formal standards from the private sector; the other two organizations serve as "negative cases" in that they do not formally follow these standards. The article is organized into four sections. The first discusses project management concepts and practices. The second and third present the research methodology and key findings of the case study. The article concludes with a discussion of the findings and future research directions.

Project Management in Concept and Practice

Project management dates back to times of apprenticeships, craft guilds, and various networks where skilled workers could exchange project information (Carden & Egan, 2008). It evolved throughout the industrialization and modernization periods into a new framework that not only structures the project itself, but also organizes individuals,

teams, and organizational units acting within the project. The framework includes strategic planning, organizational development, and systems of on-the-job learning. Broadly speaking, project management can be defined as “the planning, organizing, directing, and controlling of resources for a relatively short-term objective that has been established to complete specific goals and objectives” (Kerzner, 2009, p. 4). Over time, interest in project management has increased as business, industrial, governmental, and nongovernmental organizations (NGOs) have grown and become more complex.

Merits of Project Management in the Field

The increased interest in the completion of new and complex endeavors at, or below, preset time and budgets without sacrificing quality has added to the appeal of project management tools and techniques (Carden & Egan, 2008). With the increase in cross-sector collaboration, boundaries between sectors have become blurred (Lewis, 2005). Many nonprofits have adapted to this situation by adopting a market-oriented culture and an entrepreneurial perspective in their operations and management (Anheier, 2005). Adopting tools and concepts such as strategic planning, standardization, and new measures of organizational effectiveness are expected to boost or promote greater managerial and policy expertise, transparency, capacity, and operational efficiency (Ebrahim & Rangan, 2010; Leczy et al., 2012). Attention to these practices may impact nonprofit performance and guide funders and managers as they direct their activities and address any challenges that may arise (AbouAssi et al., 2018).

The conceptual base of project management draws from various related theoretical perspectives. A broad look at the projects and their management is of critical importance, as the projects in which an organization engages can affect its scope more than its mission statement (AbouAssi et al., 2018). Projects are institutional arrangements reproduced from previous experiences in implementation (Packendorff, 1995) and are temporary endeavors within the framework of organizational goals and objectives (Turner & Muller, 2003). They are based on dynamic knowledge flow—building and learning—(Snider & Nissen, 2003) and require both understanding of practicalities—such as delays—and strategic thinking (Jugdev, 2004). Project management today views performance through the lenses of quality, timeliness, and budgets that interact in a global and mutually dependent environment (Carden & Egan, 2008).

Due to the fact that resources are often limited in the nonprofit sector, strategies that promote efficiency, transparency, and accountability are increasingly more essential and appealing to donors and funders of projects. These organizations are often bound by limited resources and adapt to donor requests to obtain grants and other sources of funding (Atia & Harrold, 2018). Donor funding has become an integral component within civil society, the lack of funding hinders their ability to complete projects and workshops for their communities (Chahim & Prakash, 2014). Furthermore, donor assistance has become very technical under the assumption that these types of approaches and expertise should guide policies (Bush, 2015), which allow projects to be well-defined with quantifiable objectives rather than “longer-term social objectives” (Lannon & Walsh, 2016, p. 2). The basic principles of project management are built on a traditional model of judging project performance based on how well time, scope, and cost are balanced (Mantel et al., 2011).¹ The actual project management practices or mechanisms are pre-project initiating, planning, executing and monitoring, and closing. Projects are developed and implemented based on plans and budgets and according to timeframes. This allows managers to use time and cost trade-offs, identify a critical path of tasks that must be completed on time, and identify slack activities that could be delayed without extending the overall project timeline (Mantel et al., 2011). Finally, every project must be evaluated to determine its effectiveness before terminating it.

Some research on the application of project management standards in public and nonprofit organizations indicates positive outcomes. Crawford and Helm (2009) highlight the importance of project management in the public sector, as it provides a suitable framework for enhancing transparency, accountability, efficiency, and effectiveness (p. 74). In a study of 38 projects in the nonprofit sector in Latvia, Bruna and Pulmanis (2011) found that organizations that did not follow the basics of project management were burdened with non-relatable goals that did not fit into the project environment. Mengal, Cowan-Sahadath, and Follert (2009) showcased the Canadian Federal Bureau to demonstrate the positive impact of the application of project management in the public sector. In the IT division, which closely followed project management standards, employees reported a positive management culture; they felt connected not only to the project and organization, but also to the “national effort.” Such connections can

¹ Some bodies, such as the Project Management Institute and Australian Institute of Project Management, have created “rules or standards” for project management and issue professional certificates.

reflect on enhanced personal and collaborative productivity, further impacting the culture of the organization.

Scholars (e.g., Brown & Duguid 1996; Ebaugh et al., 2005; Vanderwoerd, 2004) suggest that an organization can learn due to funding requirements or from the knowledge its members acquire through practice, experience, and exposure. The more engagement in knowledge-building and sharing within the organization, the more likely new knowledge will become institutionalized as part of the organizational culture, which can influence the actions and decisions among the top levels of management.

The Limitations of Using Project Management in the Field

Project management has some drawbacks for the nonprofit sector, stemming largely from the “tension between intended new performance-enhancing institutions and unwanted old practices,” which risks creating institutional dualism (Brinkerhoff, 2005, p. 200). Over time, NGOs have witnessed rapid professionalization, experienced increased regulation and surveillance, and were held accountable to donors instead of communities. Given this phenomenon, nonprofits must prioritize their accountability to donors (in terms of targets and outputs) “over their broader goals of empowerment for poor or marginalized groups” (Banks, Hulme, & Edwards, 2015 p. 710). Some scholars (Lewis, 2005; Markowitz & Tice, 2002; Martens, 2008) forewarn that the push toward professionalism can divert nonprofits from their main focus; the attention shifts from project goals to time-consuming and complicated quantitative data systems and procedures.

Markic et al. (2012) recognize that cost, time, and quality are important indicators of the success of a project. However, in a study of public health organizations in Slovenia, they found that flexibility in managing people and loyalty to the social cause and to project participants are by far more important. Brinkerhoff (2004) agreed that public health organizations face different interests and incentives, particularly in regard to policy (minimum level of care to all) and individual interests (quality of care and customer feedback). A more stringent form of project management does not appear to fit in the public health sector, where flexibility and responsiveness are paramount. Furthermore, Bygstad and Lanestedt (2009) argued that information and communications technology projects in the public sector cannot focus solely on traditional project management factors of cost, time, and quality. Integration and knowledge of services, along with an understanding of stakeholders, are necessary and important. Completing

a project on time and budget does not necessarily equate to successful implementation and might hinder innovation.

In the nonprofit sector, organizations “operate with relatively organic structures and fluid procedures, avoiding excessively rigid and bureaucratic organization forms and systems” (Antlöv et al., 2010, p. 426). A highly systematic approach, or what Brinkerhoff and Ingle (1989) termed the Blueprint Model, has no room for flexibility in a highly fluid environment. Nonprofits need “a planned structuring of action.... with a concern for creating the capacity for flexibility and iterative learning” (Brinkerhoff & Ingle, 1989 p. 490). This suggests that nonprofits could learn from the private sector when it comes to project management and strategic, long-term planning to ensure institutional sustainability (Brinkerhoff, 1992). However, nonprofits also need greater flexibility and responsiveness, less standardization, more risk-taking, and enhanced innovation in their work (Jaskyte et al., 2018; Natsios, 2010). We now proceed to consider whether project management standards can be adopted from the private sector to the nonprofit sector through a comparative discussion of four organizations.

Methodology

This research is exploratory in its nature. Purposeful selection was used to identify information-rich cases that fit the study. It is more important to select a nonprofit that is a confirming case in which the outcome of interest is present (Mahoney & Goertz, 2004; Patton, 2001); that is, a nonprofit that adopts project management practices and standards. It is also important to pay attention to relevant cases where the outcome of interest is possible, but absent (Snow & Trom, 2002); other nonprofits are then selected as a negative or disconfirming case.

Accordingly, two sets of organizations were purposively selected and compared. The first set includes two organizations that clearly state and publicize that they follow project management practices in their programs and operations (Nonprofit 2 and NGO2). The second set do not claim to apply project management and therefore serve as “negative cases” (Nonprofit1 and NGO1). Each set includes a nonprofit based in the US and another based in Lebanon. To ensure comparability, the selected organizations from each country operate in the same geographical location, deliver the same types of services, and are of the same size. This purposeful selection criteria help reduce variation and simplify analysis (Patton, 2001).

Data Collection

Data collection relied on semi-structured interviews that were conducted with mid- to senior level managers in four nonprofit organizations in the summer and fall of 2013. To ensure validity of the data, at least six members from each organization were interviewed. To ensure compatibility of information quality across organizations, the interviewees held similar positions in their organizations, considering the local context. In addition, information was gathered through participant observations of meetings.

The interviews provided a longitudinal window on the work of the nonprofits. Interviewees were invited to discuss the background, work, and operations of their organizations and were also asked to elaborate on the management of their programs and activities. These interviews help capture the perspectives of this diversified group of practitioners and allow a better understanding of the semantic context (Blee & Taylor, 2002; Rubin & Rubin, 2005; Yin, 2003). The collected data was transcribed and then entered into the NVIVO qualitative data analysis program for coding and analysis. In addition to the semi-structured interviews, archival research was conducted.

Background on the Nonprofit Organizations Selected

The nonprofit organizations included two in the Philadelphia-New Jersey area and two in Beirut, Lebanon, that provide a wide range of affordable and accessible social services to meet local needs. Some of the selected American nonprofits' activities are licensed and audited by state agencies.

As Table 1 depicts, the organizations from each country are of similar size. In the US, Nonprofit1 and Nonprofit2 operate with a comparable annual budget and employ an average of 42 full-time staff members and around 70 volunteers. Senior manager positions in both organizations are occupied by highly educated staff, with a moderate turnover rate of around four years in Nonprofit1, and Nonprofit2, whose executive director has been running the organization for the last 15 years, has a lower turnover rate. Each organization is governed by a board of directors representing a diverse local community.

The two Lebanese nongovernmental organizations are smaller in their budgets and scales of operation. Both are membership associations with an average of 60 members and small numbers of paid staff and volunteers. NGO1 is directed by a group of well-educated professionals, including an executive director who has been serving the

organization for seven years. NGO2 is managed by a young professional director who recently joined the organization after working for several years in consultancy and after completing a degree in project management.

There are three main differences in the organizational setting of these organizations. First, Nonprofit2's board has more members from the private, for-profit sector than Nonprofit1's, which consists of representatives from the local government, clergy, academic institutions, foundations, and, to a lesser extent, banking institutions. Second, key Nonprofit2 and NGO2 officers, including the executive directors, have substantial experience in the for-profit, private sector. Third, besides private sector experience, a considerable number of both Nonprofit2 and NGO2 staff hold professional certificates and training in project management.

[Table 1 Here]

The next section reports on the four organizations' approaches to project management: from the inception to the close-out phases passing through execution. These approaches are then compared and juxtaposed with project management standards that were discussed earlier.

Two Main Approaches to Project Management

Representatives of the four organizations were asked about the mechanisms used to develop and implement projects. They were invited to describe the process of project development and management from initiation through implementation to termination/conclusion. The following discussion depicts the approaches to project management as described by the interviewees and observed by the researchers.

An Impromptu Approach: Nonprofit1 and NGO1

In Nonprofit1, many projects come from the vision of the Executive Director (ED), which results from networking with local organizations or receiving requests from community organizations and state agencies. "When community organizations say, 'We need services here,' we try and provide them," the ED explains. Staff can still suggest ideas to address problems in the community and could help the nonprofit be more efficient and reach more people. In NGO1, projects are identified by a leadership team, based on the experience and assessment of members and agreed on and defined for the staff, who then work on implementation.

Project Initiation

In Nonprofit1, the ED identifies projects to be implemented, sometimes as a result of meeting with community organizations to discuss needs and possible funding. In a recent example, a local community organization approached Nonprofit1 about the possibility of starting a particular project. To determine the project goals, the organization had to engage in a planning exercise. The ED meets with senior staff to assess the need, determine the best approach, and develop a concept idea or note. In this particular example, “since we have a similar program that has been running for several years, we considered if we could easily duplicate that program. We discussed potential benefits and barriers to such a program and necessary changes we need to make. We agreed with the community organization on the idea,” according to an interviewee. The senior staff studies the situation; prepares a plan with a schedule, a budget, a logic model if needed, and staffing requirements; and then reports back to the ED. Upon ED approval, a funding proposal is submitted.

In NGO1, the initiation process is similar but less centralized. Committees within the organization can propose and implement projects in their domains. Ideas are brainstormed based on the knowledge of the committee members and then refined and submitted to the ED for approval. However, the organization faces a funding challenge. One interviewee commented: “We try to run projects on our own personal stamina; but at times, we need the funding and then have to take into consideration associated requirements. This definitely leads to some changes in the original initiatives but we try keeping it to the minimum.”

Project Implementation

When funding is available, project implementation begins. In Nonprofit1, senior staff hires new staff or assigns appropriate staff from within the organization. “All appropriate management team members involved in program development are involved in implementation,” the ED stated. A hybrid team from different departments is then formed to manage the project according to the approved plan. The team regularly communicates with partner organizations to ensure smooth operation.

In NGO1, the initiation process takes place at the committee level. Members of these standing committees work with project staff hired by the ED. The organization tries to involve different stakeholders in the process, citing an example of having school students sit on the committee that was implementing a project at elementary schools. To

that end the ED noted that: “We enjoyed having them with us, but it was logistically challenging. I can say it was a learning experience for us.”

In both organizations, there are mechanisms in place to monitor and audit work quality and implementation. In Nonprofit1, employees report on project implementation at each weekly staff meeting. An interviewee commented, “these regular meetings ensure that forward movement of projects is maintained.” In addition, monthly progress reports are submitted to the ED and client satisfaction surveys are conducted on a regular basis. A senior manager noted: “We want to know what is going well and if any barriers have been discovered we find ways to address them.”

In NGO1, a committee member explained, “the whole committee is always on top of things and everyone is fully committed and anxious to smooth the progress of all related matters.” The implementing committee meets regularly, communicates frequently with the executive director and external partners, and prepares reports as needed.

Evaluation and End of Project

In Nonprofit1, the project team concludes the project by conducting an impact assessment through surveys and interviews to measure outcomes and effectiveness. The assessment report is submitted to the ED and other partners. It should be noted also that the organization has to ensure compliance with federal, state, and local government laws and regulations.

The situation is similar in NGO1. Each committee prepares a final report to the ED and to all relevant members of the organization. As one senior manager added, “We also submit a wide variety of reports on a multitude of measures and factors even to a single donor.” Due to unexpected challenges and problems, one interviewee noted that some projects are extended, while other projects, however, may be expedited through a re-engineering of tasks and re-sequencing of activities to minimize or avoid delays.

This approach has improved the financial viability of Nonprofit1, however a new venture can stretch management resources too thin. The ED commented, “The one problem that I feel this process creates is one of stress and the ability to balance community need with speed of expansion.” The staff agreed and noted: “We have sometimes redirected staff without fully appreciating the impact on our core program.” And, “It seems we always lack resources that allow us the luxury of adequate staff and time to complete projects on a preferred

timetable.” Another concern with the need-based approach is the weak communication about changes, growth, and new projects between leadership and direct staff in Nonprofit1 and among committees in NGO1. This risks some resistance or dismay among staff and competition among committees.

A Systematic Approach: Nonprofit2 and NGO2

There were more similarities than expected between Nonprofit2 and NGO2. For both, developing a project starts at the senior management level. Managers brainstorm ideas based on a funding opportunity or an identified need. Nonprofit2 responds to requests from state agencies, but usually follows the same approach to assess project ideas. NGO2 as well tries to brainstorm and undertake problem identification while screening available funding opportunities.

Nonprofit2's ED works with the management team to determine the feasibility, viability, and suitability of a proposed project and to provide insights on possible applications. This serves as the basis for a “Project Charter,” which explains the project idea, resource needs, beneficiaries, approach, and expectations. When the charter is reviewed by the management team, a coordinator is assigned to lead. The coordinator then completes a Management Plan Template, which includes all project activities, schedules, a stakeholder's register, log frame, risk register, staff, and budget. The ED reviews the template based on the Project Charter, and once approved, funding is secured and then the project is launched.

NGO2 follows the same process, however, when asked about funding availability, the ED admits, “you can say that we start backwards then. We would scale down the process, for example, the needs assessment as we work within some guidelines or given themes; it makes things easier for us. But we try not to skip any step; we have these systems in place and I want to see us follow them.”

Project implementation is strictly guided by the Project Charter and a management plan template. Nonprofit2's ED works with the project coordinator to proceed with the execution, ensuring that the project is on track in terms of scope, time, and resources. The ED conducts ongoing monitoring and control. As a senior staff member noted: “There is always room for improvement in all that we do, whether it was in the process, plan, or even in something as minor as dates selected to hold an activity.” This suggests assessment and evaluation is a non-stop process and take place at different levels within the organization. The same applies in NGO2, except when a project is

funded by a donor agency. Being legally binding, a grant agreement corresponds to, but takes precedence over, the Project Charter. The management plan template governs the whole project. Monitoring and evaluation become more frequent and can be external, and reporting takes place on a regular basis.

All NGO2 projects are evaluated annually in a strategic planning retreat. Project coordinators prepare an assessment report based on the management template, verifying whether the project is being implemented within the specified timeframe and approved budget. The assessment also includes the quality and impact of the deliverables and the satisfaction of the project clients. Based on the outcome of the retreat, staff members discuss whether there is a need to expand, amend, or terminate a project. A project charter may be drafted again and shared with the team to get input and assess feasibility. The whole process begins again by assigning or reassigning a project coordinator to launch and manage the project.

Both Nonprofit2 and NGO2 follow a project management process derived from the private sector. Interviewed staff of Nonprofit2 referenced the same scheme:

1. Idea Generation
2. Project Charter Development
3. Assessment and approval of Charter
4. Board Approval of Charter
5. Assignment of Coordinator
6. Development of Project Management Template
7. Approval of the Template by ED
8. Securing funding
9. Implementation according to the template
10. Ongoing monitoring and control by ED
11. End-of-year assessment (close out, extend, etc.)

According to interviewed staff, this approach makes it easier for everyone to be on the same page and to bring newcomers on board, “to hit the ground running,” as a Nonprofit2 staff member commented. An NGO2 interviewee noted that this approach has helped his team better understand each other. “It is also an ongoing training for our staff, allowing us to efficiently utilize resources and time and do more. You cannot always secure additional resources [and] you definitely cannot create time.” The ED also adds that this approach is impacted by practices from the private sector.

Comparing the Two Approaches

Analysis of the four cases yields several observations. The first observation relates to adopting private sector practices. Nonprofit2 and NGO2 try to emulate private sector's performance and standards. Many board members of Nonprofit2 are leaders from the private sector and key staff of both organizations have private, for-profit sector experience and training. This diffusion of practices from one sector to another through normative isomorphism, associated with professionalization (DiMaggio & Powell, 1983; Guler et al., 2002), is useful and appreciated. The push toward professionalism is manifested in a somewhat common culture across the two organizations, albeit thousands of miles apart. The staff members in both organizations share the same language (Brown & Duguid, 1996; Ebaugh et al., 2005); the shared language is echoed in the following comments:

"I know what to do without waiting for someone to tell me what to do. I can quickly refer to the charter or the template."

"I personally feel that there is both higher demand and higher reward on individual accountability for performance, just like in the private sector, having worked in both."

"We need to look to expanding markets to provide services as a means of growth. Operating on a business efficiency model, we can ensure that services meet standards that keep us competitive in what we do. I can then keep my job!"

The benefits are at both the organizational and personal levels, as reflected in both attitude and performance (Mengal et al., 2009). Evidently, project management focused on building a standardized system based on best practices may increase productivity both on an individual employee level and in collaborative settings (LaBrosse, 2007). Therefore, ultimately achieving the objectives expected from the organization.

In contrast, Nonprofit1 distances itself from the perspective of the private sector. When staff members were specifically asked about adopting some modules from the private sector, there was some degree of resistance. One interviewee explained, "I cannot think of a comparable organization in the private sector that does our work," and another added, "The private sector relies on a product or service that people want but may not necessarily need. In our work, members of the community need and not just rely on our services." Additionally, staff are given training provided by state agencies on measuring and planning

related to management and operations processes, which reflect positively on staff and organizational performance.

The second observation relates to a difference in focus on processes versus leadership and teamwork. The adoption of certain standards by both Nonprofit2 and NGO2 resembles a self-regulation mechanism that can guide the organizations during implementation. This requires a continuous assessment to ensure understanding and compliance with requisite and success factors, create new knowledge, and refine operations and performance (Bies, 2001, 2010). Consequently, there is a vested interest in the process itself. The process is not just followed but is adopted as part of the organizational culture through practice and learning (Brown & Duguid, 1996; Mahler, 1997).

In comparison, Nonprofit1 relies on strong leadership. “The leadership ‘vision’ shapes activities more than a ‘mission’ statement,” the ED confirmed. Staff looks to the ED for decisions, directions, and answers. In the case of NGO1, personal commitment and teamwork are the driving forces. An interviewee commented, “Our mission constitutes a part of our personal convictions.” The staff comes together to brainstorm ideas, implement projects, and run the organization. The ED affirmed, “it is all done as a team; it is always a mix of a personal and collective initiative and work.”

The third observation concerns the project management practices that the four organizations follow. Interviews with staff members from these organizations, a review of published materials, and the observations of meetings and actions indicate that the four organizations follow almost the same practices with some variation in systematic application and labeling. Nonprofit2 and NGO2 adopt and consistently apply a very well-defined, systematic process in managing projects, to an extent that it becomes part of an organization culture (Mengal et al., 2009). The important variation between the two sets of organizations (1 and 2) is in how things are labeled. The table below compares the terms used by the four organizations to describe the same concept or subject. For example, instead of using a “Concept Idea,” as Nonprofit1 and NGO1 do, interviewees in both Nonprofit2 and NGO2 refer to a Project Charter, which is commonly used in project management in the private sector.

[Table 2 Here]

Project Management in Practice in the Nonprofit Sector

Nonprofits have been borrowing practices from the private sector for some time—whether formally or explicitly stated—and regardless of contested practical benefits (Lewis, 2005; Mulhare, 1999). This is the case of the four organizations under study here. Nonprofits create elaborate plans and detailed budgets to ensure every project dollar is matched according to the objectives and goals, and managers can oversee sophisticated evaluation systems that guarantee the funds are enlisted in the most cost-effective way possible.

However, based on extant literature, three challenges should be considered. Nonprofit objectives (such as social service or education or empowerment) are usually long-term. Approaching these issues as “projects” with a specific scope, time, cost, and deliverables, the basic constraints that project management standards are developed to address, is not practical. Furthermore, resource availability is highly uncertain and fluctuating and, at the same time, nonprofits tend to scale up their operations to achieve impact. This makes it difficult to securely establish scopes, schedules, or costs (Uvin et al., 2000). Nonprofits work in a turbulent context characterized by fluctuating needs, challenges, and complexity and uncertainty in international development, which compels continuous adaptation and change in work and operations that risks running into mission creep or adjustment of activities (AbouAssi, 2013; Kelleher et al., 1996).

Second, the private sector heavily weighs project costs, utilizing detailed cost-benefit-analysis. In nonprofits, cost-benefit analysis may not be used or is used occasionally, especially in small to medium-sized organizations, as they do not always have slack resources that they can allocate to such operational activities. In addition, funders either do not require or do not allocate resources for such management tools (Lecy et al., 2012). Furthermore, cost-benefit analysis will not quantify social benefits and, consequently, may lead to an unfavorable outcome for project justification (Brinkerhoff, 1996; Ebrahim & Rangan, 2010).

Value measurement in the nonprofit sector impacts whether organizations can or should apply project management standards. In the private sector, a major success factor of a project is the “value” it adds to a firm by introducing change, which can most often be measured in dollar terms. For nonprofits, measuring value monetarily is not always possible and sometimes even misleading. Even scientific program evaluations that measure nonprofit outcomes and impact can be less effective in creating hoped-for change as compared with other participatory forms of evaluation (Fine et al., 2000).

The third challenge relates to stakeholders. Stakeholder management is an integral element of project management standards, as applied in the private sector. Although such a practice may exist in both the for-profit and nonprofit sectors, its application in each differs considerably. There are two sets of stakeholders: those who are interested in or benefiting from the work of the organization and those who can influence the work done. A private sector manager usually spends time and effort managing “influencing” stakeholders more than “interested” stakeholders (Dobel and Day, 2005); the stakeholder base is limited compared to the nonprofit sector. To put this point differently, the correlation between ‘interested’ and ‘influencing’ stakeholders is much higher in the private sector than the nonprofit sector. Generally, the interested actors in a private sector project are probably ‘influencing’ actors as well.

In the nonprofit sector, multiple stakeholders (donors, beneficiaries, taxpayers, government, etc.) are involved in decision-making and service delivery (Crawford & Helm, 2009). Thus, nonprofits spend as much time and effort managing “interested” stakeholders as “influencing” stakeholders (Brinkerhoff & Crosby, 2002) and they need greater flexibility in participation and external awareness (Brinkerhoff, 1992). For example, for a vaccination project, the “interested” parties (the larger community) may not be as influential as politicians, public agencies, or pharmaceutical companies. Reaching, educating and convincing “interested” parties is much more time consuming than the same activities with “influential” parties.

These challenges are exacerbated in the case of the Lebanese NGOs. While in principle there are no major differences in practices between Nonprofit2 and NGO2, three additional factors are worth noting. First, project conceptualizing in Lebanon is driven by donor interests more than actual social need (AbouAssi, 2013; Edwards et al., 1999), i.e., donors develop programs and priorities and set criteria to provide funding through piecemeal interventions, causing NGOs to react to the latest preoccupation of donors (Doornbos, 2003; Rahman, 2006). Second, NGOs in developing countries are under intense pressure to involve beneficiaries in the initiatives that affect them. Despite the benefits from the participatory approach, there is weak organizational readiness and commitment (AbouAssi & Trent, 2013) and possible negative implications on the effectiveness of organizational performance and delivery of services (Kilby, 2006). Third, several mechanisms such as reporting and monitoring are usually imposed by donors (Markowitz & Tice, 2002; Martens, 2008). Although these mechanisms enhance professionalization, they are constricted according to each donor’s

needs, focusing on what was proposed not on what actually happened and measuring efficient and quantifiable delivery of assistance (Henderson, 2002; Jellinek, 2003).

In brief, nonprofits work in domains that overlap with or model the private sector; here, the possibility of drawing on management approaches from the private sector is immense. However, some nonprofits stand opposed to private sector norms, remaining true to more altruistic principles. These types of organizations cannot be expected to benefit from private sector approaches. Nevertheless, project management standards can still be important for the processes organizations have to follow, rather than for the results they generate. The process might help the organization build a strong culture and commitment, increase transparency and accountability, refocus and redefine goals, and increase knowledge of impending risks and limitations (AbouAssi & Trent, 2013; Ebrahim & Rangan, 2010). Nonprofits should strike a balance between applying project management standards while ensuring innovation, flexibility, and creativity. As Natsios (2010) indicates, “good development practice requires experimentation, risk taking, and innovation” (p. 35). Nonprofits vary in their capacities, hence, the balance will neither be the same across all organizations, nor will it remain static over time.

Conclusion

Project management is a viable option for nonprofit organizations. However, this approach has limitations and needs to be investigated further. This article provides a bridge between concepts and practice and assesses the adoption of project management skills across four organizations (two domestic nonprofits and two international NGOs). The interviews raised numerous questions on how nonprofits select and apply project management frameworks and the influence of top management on them. This article argues that nonprofits apply project management standards similar to those applied in the private sector, even if it is not formally recognized or explicitly stated. The two key issues here are the following: 1) labeling and framing and 2) the nature of the sector necessitates tailoring some of these practices and standards and possibly dropping others. This comparative analysis between a grant-seeking environment and a contracting-out environment further shows that the dynamics in NGO-donor relationships can complicate the application of project management practices in the work of these organizations.

This analysis should help scholars and practitioners understand if nonprofits can actually adopt standards and practices from the private sector. The analysis outlines the necessary conditions and possible limitations for its adoption. It is important for nonprofits to focus on keeping projects transformational, innovative, imaginative, and flexible rather than ensuring strict adherence to certain best practices. The next stage of this research is to empirically test the effectiveness of project management practices in the operations of nonprofit organizations. Future research could detect a measured difference in outcomes over time and show whether the expected benefits outweigh the limitations. However, it will be important to define these expected benefits, which can include increased financial resources, efficient delivery of services, or enhanced impact and effectiveness, all of which can sometimes be rivalries in nonprofits. This can be done either through a targeted survey or through pre-test/post-test experimental design, which require identifying the control group, i.e. nonprofit organizations that do not currently but intend to apply project management practices. Additionally, it is important to note that this research focused on interviews of senior level managers with experiences and perspectives unique to them. Frontline workers, who provide the routine and essential operations of the organization may provide a differed perspective on the merits or limitations of project management principles as they relate to the overall effectiveness of their organization.

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Table 1: Characteristics of the Four Organizations

Nonprofit1	Nonprofit2	NGO1	NGO2
Social services		Social services	
Same geographical area		Same geographical area	
Budget of \$1,450,000	Budget of \$1,700,000	Budget of \$140,000	Budget of \$150,000
35 full-time staff & 90 volunteers	50 full-time staff & 50 volunteers	7 full/part-time staff & 15 volunteers	5 full-time staff & 20 volunteers
	Substantial staff experience & training in private sector	A group of educated professionals	Young/new professionals with experience & education in project management
Representatives from local government & community	More board members from the private sector		

Table 2: Comparison of Terminology of Project Management Practices between Organizations

Nonprofit1/NGO1	Nonprofit2/NGO2
Community Need	Feasible and Viable Need
Concept Idea/Note	Project Charter
Project Team	Project Coordinator
Project Proposal/Plan	Project Management Plan
Logical Framework	Logical Framework
Outputs	Deliverables
Outcomes	Product/Result/Service
Impact	Benefit/Impact
Evaluating Outcomes/Impact	Controlling/Monitoring Scope/Time/Cost/Quality
Project Conclusion	Close-out