

# Employee perceptions of organizational growth at a rapidly expanding non-profit

Summary of MBA Thesis by Lena Koeber

## Introduction

Organizations across sectors are under tremendous pressure to pursue organizational change in an environment of increasing turbulence. Growth is a common motivation for organizational change, as expansion is often celebrated as an indication of organizational success.<sup>1</sup> Most organizations will therefore at some point ask themselves, *'What should we do to successfully take the business to the next stage of growth?'*

Despite the fact that organizational change is widespread, there is evidence that up to 70% of all major change initiatives fail.<sup>2</sup> To explain some of these challenges, researchers have developed a range of growth models highlighting the challenges – or so-called 'growing pains' – facing businesses during change initiatives. Those who grow *too large too fast* can experience chaos, lose coordination and ultimately fail. Meanwhile, getting employees on board during change processes also clearly matters.<sup>3</sup>

Non-profit organizations (NPOs) face a particular set of challenges, as they often struggle to implement organizational changes to achieve increased impact while also securing financial sustainability. But while an extensive literature documents employee attitudes to organizational change in the *for-profit* sector, this is notably lacking for NPOs. This is striking as the topic of 'change' bears great importance for NPOs; in particular, widespread budget shortages are forcing many to implement radical changes to their business model and funding strategy.<sup>4</sup> At the same time, employee motivation often plays a comparatively important role for NPOs, with numerous studies suggesting that individuals 'self-select' NPOs based on their own intrinsic values and needs.

This begs the question: *as NPOs increasingly adapt their funding strategies, introduce management approaches that mimic the private sector, and pursue organizational growth -- how do employees perceive these changes?*

## MBA Problem Statement and Interview Findings

A recent MBA thesis explored how employees of a non-profit focused entity perceive organizational change, using the [Syngenta Foundation for Sustainable Agriculture](#) (SFSA) as a case study. SFSA is a mission-driven corporate foundation, whose aim is to create value for resource-poor small farmers in developing countries through innovation in sustainable agriculture. Over the past five years, SFSA has pursued an ambitious strategy of organizational and programmatic growth. Key changes include:

- 1. Increasing budget size and diversification.** While still deriving most of its funding from Syngenta, SFSA is increasing its focus on budget diversification and external fundraising.
- 2. Expanded scope of work.** SFSA has opened several new field offices, expanded its thematic focus, and experienced a five-fold increase in employee size since 2009.
- 3. Organizational change.** Key changes include a shift towards implementation (vs grant-giving), promoting greater country ownership, and professionalizing the management team.
- 4. Professionalization measures.** Newly implemented tools and processes include Timesheets and a KPI system, as well as more standardization in resource mobilization, HR and contracts.

The author conducted in-depth qualitative interviews with 16 SFSA employees and Board Members, to ascertain reflections and attitudes on past and future growth at SFSA. Thematic content analysis was used to distill key challenges and opportunities perceived by interviewees, as highlighted in order of importance in the table below:

CHALLENGES perceived from growth	OPPORTUNITIES perceived from growth
<ol style="list-style-type: none"> <li>1. Donors don't cover costs sustainably</li> <li>2. Mission creep is growing</li> <li>3. Quality suffers with growing complexity</li> <li>4. Staff are exhausted and overworked</li> <li>5. Culture is changing alongside uncertainty</li> <li>6. Staffing is poorly managed</li> </ol>	<ol style="list-style-type: none"> <li>1. Career opportunities are on the rise</li> <li>2. Additional resources benefit my work</li> <li>3. I feel like I'm being more heard</li> <li>4. Countries have more ownership</li> </ol>

Most of the challenges and opportunities perceived by interviewees are at least partly reflected in conventional growth theories – four models are highlighted below.

## Literature on Organizational Growth

### 1. Greiner's Growth Model

The frequently cited *Greiner's Growth Model* (1998) proposes 6 crises that businesses may experience during growth, as related to leadership crises, autonomy, control, red tape, growth and identity. The exhibit below visualizes these stages:

1. **Phase 1** ('Growth through Creativity'). Initially, the company is young, small and informal. Organizational growth implies increased complexity and an inability for the leader to remain involved in all activities. Informal communication and controls start to fail, ushering in a *crisis of leadership*.

2. **Phase 2** ('Growth through Direction'). Functional managers are appointed and procedures formalized. Although managers require more autonomy, the leader struggles to fully relinquish control; a *crisis of autonomy* ensues.

3. **Phase 3** ('Growth through Delegation'). More formal structures are put in place and new responsibilities are assigned to middle management. Coordination is not yet fully functional as new layers of hierarchy are needed to maintain control, leading to a *crisis of control*.

4. **Phase 4** ('Growth through Coordination'). Increasing emphasis on coordination leads to a dangerous growth of organizational bureaucracy, as the company risks becoming inflexible, rigid and slow at decision-making. This results in a *crisis of red tape*.

5. **Phase 5** ('Growth through Cooperation'). The newly implemented matrix structure leads to increasingly frequent and unnecessary consultations between employees. As the business starts running out of ideas and growth slows, there is a *crisis of growth*.

6. **Phase 6** ('Growth through Alliances') introduces a stronger focus on mergers, alliances and networking. As the business becomes more externally focused, it risks losing focus on its core business and thus experiences a *crisis of identity*.

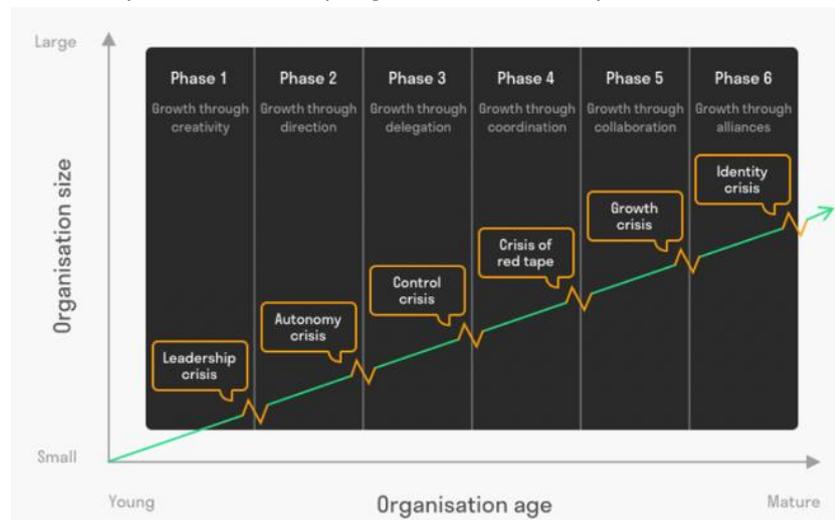


Exhibit 1: Greiner's Growth Model (1998)

The Greiner Growth Model demonstrates the challenges of organizational growth, including the potential for management crises. It suggests that leadership and organizational structures must evolve to reflect the particular growth trajectory of a business – or else may fail. Finally, it helps explain why leadership interventions may or may not work, depending on the development phase of the business.

Several aspects of the model are applicable to SFSA’s case. For example, the fourth phase (‘Growth through Coordination’) describes a state of increasing business units, financial controls and internal regulations, where ‘everything is rule-driven [and] employees complain about the lack of flexibility’ (Greiner, 1998). This resembles the challenges identified by SFSA respondents, namely that ‘*quality suffers from growing complexity*’, as growth leads to increased demands in terms of administrative tasks, meetings and management responsibilities. Another parallel is the identity crisis that emerges in the final phase ‘Growth through Alliances.’ According to Greiner, the business may become increasingly externally focused as it seeks partnerships to grow. Similar to Greiner’s prediction that a firm will lose focus on its core business, SFSA employees, too, worry that SFSA’s mission will become increasingly diluted through external donor engagements.

## 2. Stevens’ Non-Profit Lifecycle

Stevens’ Lifecycle Model (2001) is tailored to NPOs, echoing Greiner’s assertion that organizations operate and grow within predictable stages. During the first two phases (**Idea and Start-Up**), a vision is identified and the energetic start-up seeks to prove its business case. In the **Growth** phase, the entity starts to standardize and deepen programs, as well as formalize processes to ensure organizational vitality. Growth begins to outpace capacity, systems, cash and internal communication.

During the **Maturity** phase, the entity has developed a solid reputation, formalized its internal structures and diversified funding. While the CEO increasingly focuses on donor fundraising, the organization implements ever more policies, procedures and IT upgrades. These developments risk creating silos, rigidity and risk-avoidance. During the **Decline** phase, the organization has settled into a prescribed way of doing things, and the formal systems and budgets that once spurred growth now prevent further evolution. There is a danger of the CEO ‘retiring in place’, the Board becoming disengaged and the emergence of an organizational culture that avoids tough questions. This phase is preceded either by **Turn-Around** (a strong leadership and committed Board restore the entity) or **Terminal**, which results in a decline in funding, staff resignations and a lack of interest in the NPO that ultimately ushers in bankruptcy.

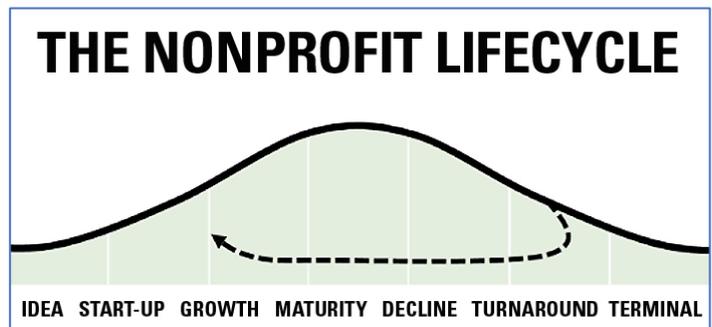


Exhibit 2: Stevens’ Non-Profit Lifecycle (2001)

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This model applies in part to SFSA. Most relevant are the phases Growth, Maturity and Decline, all of which predict some of the dynamics and challenges perceived by interviewees. For example, SFSA, too, is focusing on standardizing processes and programs, including those that support international replication. Moreover, just as the Maturity phase foresees that the CEO will turn attention on major donor fundraising, SFSA, too, is experiencing a fundamental shift in its funding and partnership approach. Finally, Stevens’ model contends the implementation of more ‘policies, procedures and IT upgrades’, mirroring many of SFSA’s professionalization measures.

## 3. Employee Perceptions on Organizational Change

An extensive literature exists around employee perceptions during organizational change, identifying issues concerning staff during such transitional periods.<sup>5</sup> Many of the themes identified in the interviews are consistent with those determined in previous studies, including:

- *Challenges trump Opportunities.* Although organizational change is often implemented for positive reasons (i.e. to remain competitive), employees tend to respond negatively as they fear increased pressure, stress and uncertainty. Consistent with the research, SFSA respondents appeared much less inclined to speak about opportunities than challenges.

- *Holding onto the Past.* Past studies show that employees often have trouble disengaging from the old organization during change, holding onto valued structures, methods and rules.<sup>6</sup> This is consistent with the perceptions of interviewees, who frequently mentioned the uniqueness of SFSA – its core values, identity and close-knit culture.
- *Responses differ according to profile type.* The study findings showed differing challenges facing project and administrative staff. While the former typically complained about the increasing focus on processes and complexity, the latter highlighted stress to a greater degree.

Despite these similarities with the literature, some findings from the SFSA case study differed:

- *Positive feedback about the communication process.* SFSA respondents reacted surprisingly favorably with respect to communication and transparency during organizational change. This contrasts with most studies on organizational change, whereby staff typically complain about not having been given enough notice, information or involvement opportunities.
- *The strongest concern relates to covering costs sustainably.* Most research on employee perceptions during change center on leadership behavior, uncertainty about careers and roles, fear or anxiety, employee participation and communication.<sup>7</sup> In the case of SFSA, however, unsustainable external funding was highlighted as the most important concern.

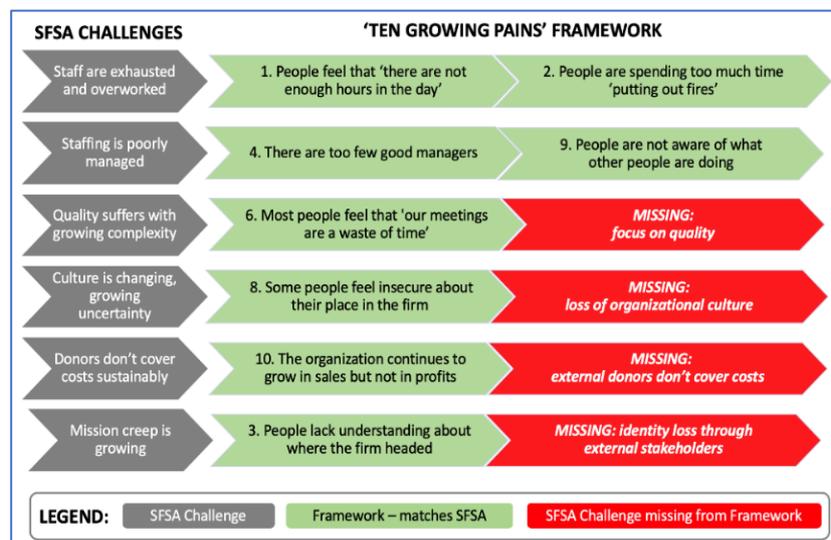
#### 4. 'Ten Common Growing Pains' Framework

The 'Ten Common Growing Pains' Framework was developed by Flamholtz et al. for entrepreneurs, many of whom share characteristics with NPO staff.<sup>8</sup> Organizations frequently experience a set of growing pains or 'symptoms of something that has gone wrong in the process of strategic development.' The authors identify ten such pains:

1. People feel that 'there are not enough hours in the day.'
2. People are spending too much time 'putting out fires.'
3. People lack an understanding about where the firm is headed.
4. There are too few good managers.
5. People feel that 'I have to do it myself if I want it done correctly.'
6. Most people feel that meetings are a waste of time.
7. When plans are made, there is very little follow-up, so things just don't get done.
8. Some people have begun to feel insecure about their place in the firm
9. People are not aware of what others are doing.
10. The firm continues to grow in sales, but not in profits.

This exhibit on the right compares the 'Growing Pains' framework with interview findings.

The left-hand side shows the challenges identified in interviews. Relevant growing pains are shown in green; red boxes highlight SFSA elements missing from the framework.



## Implications

While SFSA is an unusual type of non-profit entity<sup>1</sup>, several implications for the wider sector can be distilled. Growth models suggest that most organizations face enormous challenges during growth, and NPOs are clearly also not immune to the dangers of rapid organizational change and expansion. Indeed, while ‘financial sustainability’ and ‘scaling impact’ have become ubiquitous catch phrases in the NPO world, the real elephant in the room is whether *bigger is always better*.

While not providing a clear answer, the study findings highlight potential challenges and opportunities that manifest themselves during organizational change. Indeed, many experts caution against pursuing a simple ‘growth is good’ approach. As noted by von Schnurbein (2007), ‘to complete your mission, you do not necessarily need growth.’<sup>9</sup> Foster et al. (2007) concur that growth is not always the right, or even possible, choice – and that too many NPOs have merely grown ‘for growth’s sake.’

Nevertheless, it would be imprudent to paint a picture of growth being ‘all bad.’ In many instances, NPO growth can be an effective way to achieve greater impact, increase scale and improve efficiencies. For example, organizations like the Red Cross and Amnesty International are largely successful *because* of their ambitious growth paradigms. In addition, the interviews with SFSA employees also indicated several positive consequences of growth – including around employee career development and empowerment. A more nuanced picture of organizational change and growth is required, one that seeks to mitigate the key challenges while also using potential opportunities.

Organizations typically fall into two common traps when pursuing growth:

1. They run *in the wrong direction*, i.e. by pursuing mission-inappropriate programs; and/or
2. They run *too fast*, by adding programs without paying sufficient attention to the needs related to administration, management, leadership or operations.

The following section outlines five lessons distilled from the thesis.

### LESSON 1: Define and Maintain a Clear Mission

*‘An old proverb says that a fish rots from its head. An NPO, similarly, rots from its mission’<sup>10</sup>*

One of the over-arching themes that emerged was the need to be more aligned on vision, to clearly define focus, and clarify the purpose behind the growth. According to Hailey (2014), a sustainable NPO is one that can ‘fulfil its mission over time and, in doing so, meets the needs of its key stakeholders, particularly its beneficiaries and supporters.’<sup>11</sup> Getting the mission statement right and keeping to it is an important factor for NPO success.

However, as many NPOs struggle to achieve financial sustainability, the pressure to seek money opportunistically can have the inadvertent consequence of causing mission creep.<sup>12</sup> This can stretch organizations so thin that they can no longer effectively pursue their goals. Time-consuming negotiations with donors can also significantly increase complexity and raise transaction costs while distracting NPOs from their programmatic work and mission.<sup>13</sup> As noted by one researcher,

*‘In the private sector, it would seem preposterous for a coffee-roasting company to jump into the biotech business or start manufacturing baseball gloves. Yet non-profits routinely extend their operations in equivalent ways—they expand their programs far beyond their organizational scope core competencies—and no one raises an eyebrow.’<sup>14</sup>*

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<sup>1</sup> As a corporate foundation, SFSA is a ‘strange animal’ in the non-profit sector, particularly regarding the ‘strings-free’ support it receives from Syngenta (in cash and kind).

Interview respondents voiced this concern. Many highlighted the uniqueness of SFSA’s approach – namely its ability to act as an innovator for early-stage and often risky social ventures. Notably one of the enabling factors of this innovative focus has been its independence from external donors, who can often place stringent short-term demands on their grantees. This is echoed in Rob Reich’s recent book on foundation philanthropy, which emphasizes the importance of foundations’ ability to operate a longer time-horizon and *‘take on long-run, high-risk policy experiments that no one else will.’* This has implications for NPOs increasingly accepting donor-restricted funding, as it may hamper their innovation-centric mission.

*“I want to understand where we are heading, that to me is the biggest concern”  
(Interview Respondent)*

To maintain a strong mission, management can implement a variety of tools to help develop, review and embed a mission across an organization. For example, external facilitation and/or change management approaches can help create the conditions for more inclusive co-creation, whereby employees are encouraged to join the process of developing and/or adapting a mission and strategy. Safeguarding an organization’s ‘personality’ is also critical, i.e. through frequent and effective communication, and developing processes to integrate the mission into decision-making.<sup>15</sup>

## **LESSON 2: Invest in Organizational Plumbing**

Solving society’s biggest problems requires strong organizations. Just as plumbing is necessary for a house to function effectively, organizational plumbing is also necessary for a business to function well.<sup>16</sup> While this issue clearly matters in the *for-profit* sector as well, several features make it particularly challenging for NPOs – most notably donor-dependent resource generation.

Many NPOs struggle to secure reliable and sustainable financing, often competing in what has become an increasingly challenging funding context. Even once attained, the donor funds often include well-defined and targeted conditions – a method largely centered on the desire to increase accountability and effectiveness of grantees.<sup>17</sup> A central component of providing these so-called restricted funds is to minimize the amount spent on overheads or ‘indirect costs’, defined as all costs not attributable to a specific project. Thus, while funders often provide full financial support for programs and services, they ‘scrimp on overhead costs’ by only allowing a maximum of 8-15% to be charged for organizational costs. Termed the *NGO Starvation Cycle* by The Bridgespan Group, restricted funding can severely constrain NPO’s ability to invest in essential organizational infrastructure – despite the fact that funds are often needed to manage programs effectively and create global platforms of scale.

Wary not to lose access to such funds, many NPOs participate in a ‘shadow economy’, whereby one budget is presented to funders while another more realistic one shows true program and organization costs. The situation is made worse by the fact that NPOs often lack the financial resources, acumen and/or interest to adequately understand and communicate the true costs of their programs and organizational growth. Indeed while grant-makers seek to support sustainable programs, they often lose sight of the fact that financial sustainability is ‘as much about ensuring that there has been sufficient investment in organizational systems and processes.’<sup>18</sup> NPOs can be ‘so hungry for decent infrastructure that they barely function as organizations – let alone serve their beneficiaries.’<sup>19</sup> Unstable and opportunistic revenue streams may also result in a patchwork of short-term engagements across continents, as NPOs chase donor dollars.

Elements of this Starvation Cycle were apparent in the interviews, as SFSA respondents expressed reservations about the growing dependence on external donors. These challenges are also reflected in conventional growth models; for example, ‘The 10 Growing Pains’ framework includes the challenge *‘The firm continues to grow in sales, but not in profits’*, reflecting the frustration of a business growing

in workload without a respective impact on their bottom-line. Other growth models, too, highlight potential challenges when organizations cease to adequately invest in operational infrastructure – similar to NPOs that increase grant funding without sufficient professionalization.

Moreover, while businesses are typically freer to make investment choices, NPOs are often artificially hindered from doing so. Not only do donors often prohibit such investments, but NPO staff are typically much more wary than their for-profit peers about supporting organizational investments. Several examples from the NPO sector highlight the potential opportunity costs of not sufficiently investing in professionalization measures. For example, Terre des Hommes, a leading Swiss child relief agency, announced in 2019 that it would be forced to cut one-fifth of its Headquarter staff after discovering a CHF 14.5 million hole in its 2018 accounts. This blunder was blamed on ‘insufficient budgetary management’, which allegedly led to incorrect income forecasts (Swiss Info, 2019). This example highlights the dangers of pursuing growth and/or managing an increasingly large NPO without having the right tools to do so professionally – in this case, sufficient budgetary management.

### **LESSON 3: ‘If you take the King’s Shilling, you do the King’s Bidding’**

Financing NPOs differs significantly from financing business companies. While businesses are largely geared towards making profits – and thus implicitly towards a growth paradigm – NPOs are driven mainly to realize their mission. The existential challenge facing every NPO is therefore ‘how to raise funds to realize its higher purpose, while also scrambling for its continued existence.’<sup>20</sup>

A dominant paradigm of NPO financial sustainability is revenue diversification. Resource dependency theory says that financial stability is best achieved by broadening revenue streams. However, recent literature criticizes this approach, suggesting instead that NPOs may do better to narrow fundraising efforts. In particular, the need to manage a multitude of complex government contracts, private contributions and other incomes not only requires considerable staff time devoted to admin and fundraising activities, but also often impedes NPOs’ ability to maintain a clear mission.

*‘Running after donors is like crystal meth... you end up like a zombie in this grant-chasing world’ (Interview Respondent)*

For example, in their 12-year analysis of more than 8000 non-profits, Frumkin and Keating (2011) suggest that NPOs who concentrated their revenue source exhibited greater efficiency and growth potential – due in particular to their significantly lower administrative and fundraising costs. This is supported by research from *The Bridgespan Group*, which found that a critical success factor at 144 large NPOs was a funding strategy focusing on one source rather than many.<sup>21</sup> By spreading risk across funding sources, NPOs may forego the opportunity to capitalize fully on one funding segment, which could enable more substantial growth.

*‘I think we underestimate the cost of swimming in the shark-tank of the donor world’ (Interview Respondent)*

NPOs may thus be well advised to concentrate their funding strategy and be more selective in terms of whom they accept money from. For example, NPOs may choose to proactively target donors who offer unrestricted funding – such as the Ford Foundation, which recently adapted its grant-making strategy to provide general operating support. In contrast, the European Commission (EC) specifically prohibits NPOs from investing its donations in organizational infrastructure. The EC also has a strict 7% ‘indirect cost rate’ policy, provides only short-term grants and offers no flexible or general support.

Knowing ‘when to say no’ is therefore an important strategy to help avoid the much-cited Starvation Cycle and pursue sustainable growth instead. The non-profit One Acre Fund (OAF), whose funding mix consists of approximately 60% restricted and 40% unrestricted capital, offers some interesting

insights. In particular, its strategy is to target ‘high net worth’ individuals for unrestricted grants, while pursuing clear internal guidelines about declining other types of financing, e.g. restricted funding for programs they would have to newly create. OAF typically presents a clear vision for donors of how it will use the particular unrestricted funding. The study findings suggest that NPOs may benefit from pursuing a more prudent funding strategy.

#### **LESSON 4: Benefit from staff enthusiasm and invest early in HR**

The interviews clearly highlighted the ‘human side’ of organizational growth. Most of the perceived opportunities related to employee-centric aspects, including career development opportunities and employee engagement. HR and Management would therefore do well to promote those aspects employees feel positive about (i.e. ‘the potential to work on more interesting topics’), while mitigating against those which may detract from the social capital by supportive employees.

*‘The change for me is an opportunity – you can’t keep doing the same thing forever’ (Interview Respondent)*

Potential interventions include offering employee development activities like mentoring, skill development and promoting staff rotations. Respondents spoke very positively about SFSA more generally, including its organizational culture, social impact and growing staff empowerment. This enthusiasm could help win additional support for organizational improvements and growth, including ensuring that the NPO mission and growth narrative are co-created and owned across the Foundation.

Building trust is also a crucial component of building readiness to change. NPO managers must involve employees in organizational changes. Interview respondents perceive such inclusion very positively. Several also mentioned the value of ‘working in a small organization.’ While maintaining this atmosphere is challenging as organizations expand, there may be ways to preserve part of a culture of familiarity and flexibility. For example, rotations could be a way to increase exposure of HQ staff – who risk becoming increasingly disillusioned with growing bureaucracy – to smaller and more program-focused country offices. Social ‘bonding’ activities could also be promoted more strongly during this transition phase, to encourage more face-to-face and personal interactions.

*‘It’s fun to see more breadth of topics with agriculture being such a huge field’ (Interview Respondent)*

*‘What’s changed? I think it’s more dialogue, better communication (Interview Respondent)*

As organizations grow, so does the need for greater skills and sophistication in certain functional areas. The study findings suggest that respondents who received support in the form of additional staff were able to appreciate the growth efforts and support the process more enthusiastically – both at HQ and Country level. Making these investments early on is important; as argued by Macintosh (2016), the increasing overhead cost of additional investments in staff may begin to taper off with economies of scale as the organization grows. This supports Greiner’s and Stevens’ focus on distinguishing between the various growth phases. Management must make decisions according to the specific crisis or need at a given period.

As part of this focus, NPOs will likely need to further professionalize their HR services, as well as adapt and/or define role profiles more clearly. As recommended by one interviewee, a key future focus area

*‘For me, there is no other foundation like SFSA - what makes this foundation so unique is the combination of unique characters’ (Interview Respondent)*

for SFSA should be around ‘having the right people, having enough people and having the right processes.’ Employees with different role types – for example, administrative or project-based – perceived different challenges. This suggests that HR should tailor communication and engagement strategies to job types.

Finally, as role profiles and requirements change following growth, the employment narrative and associated incentive packages may need to adapt to attract different kinds of staff. However, HR should be wary of the potential repercussions of ‘over-professionalizing’ people management practices. As suggested by DeCharms (1968) and Decli (1975), introducing extrinsic rewards into an NPO setting may not only bolster an individual’s extrinsic motivation, but actually reduce his or her intrinsic motivation. Known in the literature as the ‘crowding-effect’, non-profit organizations should therefore consider this phenomenon as they seek to implement different practices to motivate and reward their employees during growth (Theuvsen, 2004).

Accommodating and even reinforcing employees during change – by actively focusing on ‘soft sides’ of organizations – can help NPOs maintain their competitive advantage around staff motivation. In particular, pursuing an approach that recognizes and strengthens positive elements of growth, versus focusing on mitigating growing pains, can enable leaders to proactively shape the growth narrative.

*‘We tend to challenge ourselves more now’  
(Interview Respondent)*

## LESSON 5: Weigh the trade-offs of growth

According to the philosopher Ralph Waldo Emerson, *‘Money often costs too much.’* This statement certainly appears true in the NPO sector. Searching for more funds and implementing organizational changes in pursuit of growth can be exhausting. Any NPO seriously aiming for growth must be willing to fundamentally change itself. As argued by Flamholtz and Hua (2002), whenever an organization doubles in size, it essentially becomes a different entity and requires a new infrastructure to support its operations.

*‘I worry that we’re just getting fatter, bigger – not better’  
(Interview Respondent)*

NPO leaders must therefore carefully consider the extent that growing and/or adapting the organization is worth it – especially if it radically changes the character. For example, certain professionalization measures like Timesheets may prove to be markedly painful and time-consuming – and may be at odds with the cultural fit of such systems with NPOs. As noted in a study by *The Bridgespan Group*, ‘the culture in most of these organizations isn’t conducive to tracking how employees spend their time....NPO employees are not only unlikely to be familiar with such recording systems but they may also resist any efforts to quantify the cost of their activities’.<sup>22</sup>

Professionalization measures are an undeniable requirement for successful and sustained growth. However, leaders must weigh the consequences of organizational transformation, particularly when caused by external donor requests. Internal strategic questions to answer include: *What is the relative importance of one donor compared to implementing a highly unpopular process? To what extent can and should we push back on some donor requests? What are the potential negative repercussions of such an implementation on employee well-being?* In the worst-case scenario, too many administrative measures may lead to resentment that triggers staff dissent or even resignation.

These trade-offs are implicitly mentioned in Stevens’ Lifecycle and Greiner’s Growth models. Organizations embarking on growth journeys are likely to require substantial administrative investments. However, while too many may result in a ‘crisis of red tape’ (Greiner, 1998) and culminate in ‘Decline’ or ‘Termination’

(Stevens, 2002), the opposite can also be fatal; in particular, pursuing growth without the necessary infrastructure can defeat even outwardly successful organizations (Flamholtz & Randle, 2007).

*‘You have the feeling you’re always lagging behind because your ambitions are so high’  
(Interview Respondent)*

Achieving this balance is also linked to an NPO's mission and strategy; after all, there are other ways to scale impact without necessarily scaling an entire organization. For example, by focusing on delivering on a very specific mission, NPOs can choose to invest resources into their particular areas of competitive advantage. Moreover, they may choose to 'buy versus build', for example outsourcing certain administrative tasks.

## Conclusion and outlook

NPOs have long played a major role in tackling humanity's toughest problems. While organizational growth can further increase NPOs' impact, this also comes with clear risks – especially if not sufficiently supported by a well-defined strategy and roadmap. The thesis identified several challenges and opportunities as perceived by SFSA respondents, followed by an assessment of their applicability to conventional growth theories. While a number of similarities were determined (i.e. additional stress and concern over bureaucracy) several themes appeared to be unique attributes to the NPO sector. The unease around donor funding and associated impact on mission creep was certainly prominent.

As cautioned by Kim & Bradach (2012), 'big non-profits are not a societal panacea'. There is much debate around whether scaling up organizations really translates into better outcomes. The interest in NPO sustainability, organizational growth and its impact on employee perceptions is likely to continue growing. The thesis modestly contributed to this literature, by providing an in-depth analysis of one NPO's growth journey through the perspective of employees. It demonstrated clearly that both challenges and opportunities arise from organizational growth, and that expanding NPOs must take concrete steps based on the particularities of their distinct organization.

Practitioners would benefit from more tailored research in this field. Just as Flamholtz and Hua (2002) developed benchmark levels of growing pains for the for-profit sector, it would be equally beneficial to determine relevant reference points for NPOs. Future research could therefore extend the focus to other NPOs, for example to compare and contrast different experiences with organizational growth. Expanding the study design methodology could also provide additional insights, i.e. conducting standardized questionnaires across multiple organizations to enable quantitative analysis. Such a widened research scope would, amongst other benefits, enable more focused recommendations for selected sub-sectors. In addition, it would also be interesting to conduct another review of SFSA in five to ten years, to assess how employee perspectives have changed at a later growth phase.

Organizational growth invariably requires trade-offs, and it is only after diagnosing the specific causes of their growing pains that NPOs can take necessary actions. And, while the opportunities and challenges clearly differ between the Syngenta Foundation, a small health charity and or Oxfam International, asking employees what they think is always a helpful first step in the process.

## Contact

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