



# Understanding Conflict in Nonprofit Organizations

**T**he nonprofit sector in America employs a steadily increasing segment of the country's working population. In recent years, the average annual growth rate in employment for nonprofits (2.5 percent) was significantly higher than for business (1.8 percent) or government (1.6 percent). In the coming years, more growth is forecasted specifically in the areas of health services and social/human services. As the baby boomer generation ages, reliance on health and social services will continue to grow as will reliance on healthy non-profits to deliver these services.

## Living Organism

Nonprofits come in all shapes and sizes ranging in budget sizes of less than \$500,000 to over \$1 billion. They are advocacy organizations; health and social services agencies; arts, cultural, educational and religious institutions; nongovernmental organizations and more. Their common purpose is simple: to serve. However, their ability to serve can be hindered if there is internal conflict in the organization. Like a living organism, disease in one part of the organization can have an impact on the whole. When the organization suffers, so may the community it intends to serve.

One might expect that there is less conflict in nonprofits because they are mission-driven and therefore create a labor-of-love work environment. But conflicts can arise in nonprofits due to a number of issues such as unclear lines of communication, issues of compensation and financial transparency, differences in philosophy and vision for the organization, interpersonal issues, issues related to diversity or lack thereof, and conflict due to organizational growth. Staff members, managers, executives, even members of the Board of Directors can all be party to workplace conflict.

Nonprofits may be hit harder by conflict than corporate or government agencies where integrated conflict management systems are often in place. In their 2006 Annual Study, the Center for Nonprofit Success surveyed approximately 1,700 nonprofit executives or board members nationwide. Sixty-two percent of the respondents indicated that their organization had estab-

lished conflict resolution procedures, but that these procedures were seldom put to use. Unfortunately, many nonprofits simply lack the financial resources, operational capacity and human resources to address conflict in a systematic fashion.

## Survival Environment

Like other organizations, the economic environment affects nonprofits. For example, nonprofits in the social services sector have historically relied on government funds for a majority of their budget. Changes in funding streams have caused some nonprofits to "follow the money." New programs are developed based on availability of grant money—even if the programs do not necessarily serve the community's needs. This can cause problems related to over-diversification of the organization's services. Changing demands in service delivery and job requirements can cause frustration for direct service staff, leading to decreased productivity and increased staff turnover.

According to the Center for Nonprofit Success survey, only 58 percent of all nonprofits surveyed said they had sufficient funds to run their programs effectively. The majority of respondents reported that they rely largely on individual contributions to raise funds. Increasingly, nonprofit executives are called to devote more time to developing relationships with donors. This results in less time for administrative and operational issues including managing conflict when it arises.

## Conflict Catalysts within Nonprofit Organizations

Nonprofits are unique workplaces because they are mission-driven rather than profit-driven, governed by a volunteer Board of Directors and can be largely influenced by the founder's vision. These very qualities that make nonprofits unique can also be underlying sources of conflict. Below is a description of some of the distinguishing features of nonprofit organizations and examples of how they might provide a basis for potential workplace conflict.

*Mission-Driven.* From top to bottom, staffs of nonprofit organizations are driven by the organization's cause. However, this passion to serve can overshadow the organization's ability to function as a whole toward achieving its mission. While a chief executive may feel passionate about raising funds to keep the doors open, the direct service providers are more likely to feel passionate about providing the highest quality services to their clients. For example, in a nonprofit community mental health center, the chief executive secures a multi-million dollar contract with an insurer. In order to satisfy the contract with the insurer, paperwork and administrative requirements increase for direct service providers. The staff becomes frustrated and resentful because the additional paperwork duty reduces the available time for direct care for their clients. This leads to decreased productivity, creating a conflict between the supervisor and front line staff. Both are focused on what they believe is necessary to fulfill to organization's mission but neither can see the value of the other's role. A dispute resolution professional might help the parties, or other appropriate personnel, to engage in a dialogue about ways the agency can function more as whole and less as a collection of individual parts.

*Founder's Syndrome.* Nonprofit organizations are birthed and usually nurtured by a founder or group of founders. The founder has invested time, emotional commitment and perhaps money toward the success of the organization. Founder's syndrome occurs, usually in smaller nonprofits, when a founder (or other dedicated steward of the organization) has unparalleled authority as a decision-maker. It is evident that the organization is not run by an executive or by a team of staff, supervisors and managers. The founder runs it. For example, a founder appears in the office and makes direct demands of the staff, by-passing the administrative authority of the chief executive. Conflict arises because the executive director feels she cannot be effective in administering the organization's programs, and the staff is frustrated because they feel micromanaged. Often, an overly involved founder is simply fearful that all their hard work will go undone if they relinquish control. A candid conversation with a founder in this situation might open doors for planning for the future health of the organization, since after all, the agency is likely to outlive the founder. This in turn might reduce the conflict regarding lines of authority and staff micromanagement.


*Board Conflict.* The Board of Directors holds ultimate responsibility for the organization regarding governance, fiduciary matters and hiring or firing of the chief executive. However, many nonprofit organizations overlook the need for orientation or training for Board members. In the long run, this can be detrimental to the organization. For example, a member of a small Board who happens to be the agency's largest donor, has

decided to leave the Board because of a difference in opinion regarding the vision for the organization's future. The conflict appears on the surface as a difference in vision, but the underlying problem is that the Board lacks the skills to make crucial decisions collaboratively. In the process of consensus-building, a dissenting opinion can be viewed as a helpful concern, which when resolved results in a stronger final decision. Developing a more collaborative decision-making process for major decisions of the Board could turn this difference in opinion into a potential gain for the organization.

### Conflict as Catalyst for Change

As mediator and author Ken Cloke tells us, "Conflict is the sound made by the cracks in a system." Rather than being an enemy of the organization, could workplace conflict be an indicator of underlying organizational issues that are calling out to be addressed? According to Larry Greiner in his classic article entitled, "Evolution and Revolution as Organizations Grow" (Harvard Business Review, July-August 1972), organizations have a growth cycle, and a "crisis" causes the move from one developmental phase to the next. Disgruntled staff, low productivity, high turnover, volunteer attrition and dysfunctional meetings might not be considered "crisis" situations but they could certainly be seen as a call to attention. Conflicts could be an indicator for underlying organizational issues which when addressed, could move the organization to a higher level of effectiveness.

We are mediators, ombudspersons, human resources specialists, labor representatives, private practitioners, consultants, peer-mediators, facilitators and more. Some of us work directly with organizational leaders and others work in integrated conflict management systems. Regardless of the size of the organization or our place within the organizational structure, our approach and curiosity regarding workplace conflict can help to resolve workplace disputes and sometimes identify opportunities for organizational growth.

In my experience as an employment and workplace mediator, I understand that organizational change is not necessarily the end goal, nor is it always appropriate. We do not always have access to, or the allegiance of organizational leaders. The change process can be very slow, especially in larger agencies. However, this should not deter us from making an impact—small or large—in the organizations in which we serve. 



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