ARTS AND CULTURE NONPROFITS AND COMMUNITY SUSTAINABILITY: THE ROLE OF ORGANIZATIONAL STRATEGY

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What is Sustainability?

While contributions of many other nonprofits to sustainable communities are well-recognized, arts & culture organizations are often ignored.
Cultural Organizations & Sustainability

Arts and cultural nonprofits are important actors in local communities

- Contribute to economic development and neighborhood revitalization (DiMaggio & Mukhtar, 2004; Tubadji, Osoba, & Nijkamp, 2015; Rushton & Landesman, 2013)
- Foster innovation, community level social capital & social tolerance (Florida, 2002; Hager & Winkler, 2012; LeRoux & Bernadska, 2014)
- Promote sustainable attitudes (Moldavanova, 2013, 2014; Throsby, 1995; Tubadji et al., 2015).

Too much focus on instrumental contributions

Much less is known about the environmental and organizational drivers of arts’ engagement in sustainability
Research Question

What are the drivers of the various roles associated with cultural nonprofits’ contributions to community sustainability?
The Dimensional Model of the Arts and Culture Impact on Sustainability (Moldavanova, 2013, 2014)

- **Instrumental Role**: arts and culture as instruments for social and economic sustainable development.

- **Semi-Instrumental Role**: arts and culture as sources of societal values, including sustainable thinking.

- **Intrinsic Role**: art and culture as a public good and value in itself.
Theoretical Framework

- **Strategic management literature** (Koteen, 1997; Bryson, 2004; Varbanova, 2013; Porter, 2008)
  - Sustainability as a **mission driver** and organizational response to the needs of **local stakeholders**
  - **Professionalization of nonprofits** in response to stress and increasing competition for funding and clients/audiences
  - **Organizational strategy** is beneficial for **organizational performance** (including the engagement in community sustainability roles)
  - **Organizational stress** harms organizational performance

- **Elements of organizational strategy** (Light, 2004; Turbide & Laurin, 2009; LeRoux & Wright, 2010; Eikenberry & Kluver, 2004)
  - **Use of Performance Measurement** (audience, public image, funders’ satisfaction, revenue growth)
  - **Capacity Building/Professionalization of Human Resources** (board, leadership, staff & volunteers)
Research Hypotheses

H 1 a, b, c. Higher reliance of arts and culture organizations on performance measurement would be associated with their greater engagement in instrumental, semi-instrumental roles, and intrinsic roles.

H 2 a, b, c. Higher investment in human resource capacity by arts and culture nonprofits would be associated with their greater engagement in instrumental, semi-instrumental roles, and intrinsic roles.

H 3 a, b, c. The higher the level of stress that an organization experiences, the less it will be engaged in performing instrumental, semi-instrumental, and intrinsic roles.
Theoretical Model

Organizational Stress

H3c
H3b
H3a

Instrumental

Human Resource Capacity

H2c
H2b
H3a

Semi-Instrumental

Performance Measures

H1c
H1b
H1a

Intrinsic

Model Controls

<table>
<thead>
<tr>
<th>Organizational Age</th>
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<tr>
<td>Organizational Size</td>
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<tr>
<td>Managerial Tenure</td>
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<tr>
<td>Urban</td>
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<td>Percent Government</td>
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<td>Funding</td>
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<td>Performing Arts Sub Sector</td>
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Testing the Hypotheses

- Arts, Culture, and Community Sustainability 2016 Survey (175 Michigan nonprofits, 34% response rate)

- Measures of Variables:
  - **DV**s - arts and sustainability roles (Moldavanova, 2013, 2014);
  - **IV**s - organizational stress and professionalization (Light, 2004); performance information use (Turbide & Laurin 2009);
  - **Controls** – age, revenue per capita, managerial tenure, location, percent governmental funding, sub-sector

- Data sources: perceptions of CEOs and top-level managers and financial data from GuideStar.

- Analysis: Structural Equation Modeling
Structural Equation Modeling for the Hypothesized Model

Organizational Stress

Human Resource Capacity

Performance Measures

Instrumental

Semi-Instrumental

Intrinsic

$\begin{array}{ccc}
1 & 2 & 3 \\
.780 & .650 & .511 \\
.856 & .881 & .588 \\
.658 & .848 & .792 \\
\end{array}$

$\begin{array}{ccc}
1 & 2 & 3 \\
.710 & .894 \\
.580 & .516 & .650 \\
.741 & 890 & .808 \\
\end{array}$
Main Findings

- **H1.** The use of performance measurement is negatively rather than positively associated with the engagement in sustainability-related roles (the relationship is statistically significant for the *instrumental roles* ($\beta = -.182; p < .001$)).

- **H2.** Investment in human resource capacity has a positive effect on the engagement in sustainability-related roles (the relationship is statistically significant for *semi-instrumental roles* ($\beta = .345; p < .001$)).

- **H3.** Stress is the most consistent and negative predictor of the engagement in sustainability-related roles (the relationship is statistically significant for *instrumental* ($\beta = .602; p< .001$) and *semi-instrumental* ($\beta = .444; p < .001$) roles).
Findings: Control Variables

- **Organizational age, size, location** are unrelated to the engagement of arts and culture organizations in sustainability roles.

- **Managerial tenure** is positively associated with the engagement in *semi-instrumental* roles ($\beta = .201; p < .05$).

- Belonging to **the performing arts sub-sector** is positively associated with the engagement of cultural organizations in *instrumental roles* ($\beta = 0.175; p < .05$).

- **Higher proportion of governmental funding** is positively associated with the engagement of cultural organizations in *instrumental roles* ($\beta = 0.172; p < .05$).
Research Implications

- **Different elements of organizational strategy** have varying effects on arts and culture nonprofits’ engagement in community sustainability roles.
  - Organizational engagement in *intrinsic roles* does not seem to be affected by organizational strategies explored here.

- **Stressed organizations** may be more preoccupied with shorter-term resource acquisition-type of strategies, perhaps, at the expense of longer-term programming associated with community sustainability.

- **Organizations with more experienced managers** that are willing to invest in their human resource capacity are more likely to engage in community sustainability.

- **Governmental funding** is important for the engagement in *instrumental roles*. 
DISCUSSION
Conceptual Map of Arts and Culture Nonprofits Contributions to Sustainability