Organizational Development: A Tool for Nonprofit Organizations to Become Professional

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The paper is based on international research and on the ongoing research of the authors in the field of professionalization of nonprofit organizations. Desk research is supported by the analysis of the results of the pilot project of an organizational development programme in Hungary. The findings of the empirical research serve as a benchmark for the large sample research. Since the paper gives insight over changes in the operational environment of nonprofit organizations that are connected to their learning needs and chosen solutions, and brings practical evidence, it contributes to the current research of professionalization of nonprofit sector organizations internationally.

Keywords: nonprofit organizations; professionalization; learning; organizational development; knowledge

Introduction

In the last decades a shift can be observed in the nonprofit sector towards using models and solutions of the business sector (Maier & Meyer, 2011; Hwang & Powell, 2009). Nonprofits need to improve the existing organizational structures and processes, and become innovative organizations. It is fact that changes in their environment affect nonprofit organizations: this applies not only to the domestic but also to the international environment. As a consequence of the changes, nonprofit organizations are forced to face risks and also meet challenges and use their opportunities (Ridder, McCandless, Piening, & Erk 2012). Due to these circumstances, they seem to realize that they have to become more professional in their activities.

It also has to be mentioned that the increasing importance of nonprofit organizations in the overall performance of national and global economy is an intensively discussed topic in nonprofit research (Anheier, 2009). Their role in the economy is a generally accepted fact. However, they are still relatively neglected in research, when compared to other sectors. This is why the aim of the paper is to contribute to a better understanding of this sector of growing importance and to develop a more founded picture about it.

According to the above presented objectives, the paper first describes the applied research methods and tools, and formulates the research questions. After that, it continues with an insight over the present situation and trends in the research field, such as the impact of improving cross-sectoral cooperation; or the trends that can be considered as relevant drivers of the changes in the nonprofit sector.

The central issue addressed in the article is how the application of management tools impacts the nonprofit organizations, how it contributes to their present and future performance. As a background to the analysis of learning and development needs of nonprofit organizations, it is also discussed how they react to the trends that are observable in their operational environment and what they do to meet those requirements. A detailed analysis of the present situation within the sector is supported by empirical evidence from the sector in Hungary, which is focusing on organizational development as a tool of professionalization in the sector.

So, the study provides insight over issues in connection with commercialization and managerialism and parallel to them, it also highlights certain aspects of learning and development as influential factors of the professionalization of nonprofit organizations. The paper concludes with evaluation of the research, its limits, its relevance for international research and practice, and also with an outlook for future studies.

Research Questions and Methodology

In alignment with the aims of the paper, the authors draw dominantly upon the international research of the last decade and they also analyze the ongoing research in the field of learning and development. Hence, through literature and practice, the article provides evidence of the fact that nonprofit organizations are learning to find ways how to effectively use the tools of business sector managers and leaders.

The authors used different research methods to answer the following *research questions:*

1. Do theory and practice prove that nonprofit organizations learn from business sector managers and leaders in order to become more professional in their activities?
2. Is organization development a suitable tool to promote and enhance management professionalization of nonprofit organizations?

Desk research was used to create the background of the empirical research. It concerned mainly literature of the last decade and helped provide an analysis of the factors that play a decisive role in the development of nonprofit organizations. The desk research and literature was used to draw

a picture of the *general state* of the research performed in the field of professionalization of the sector, and to give an insight over different approaches, which help the authors link their own research to these streams, and also to formulate their own definitions, used in the paper (the third and the fourth section). By choosing this approach, the authors can also inspire possible research ideas in readers or other researchers. The desk analysis not only contained theoretical approaches but also information about the present performance and impact of the sector, based on data from different countries.

The aim of the *empirical research* is to examine the responses of non-profit organizations from the perspective of the trends that are studied in the desk research. Empirical data are based on the results of the *pilot project* of an ongoing research carried out by the authors of the article. The pilot project represents the first phase of the research; namely, a test of the large-sample research that is in progress at this moment. The findings of the empirical research are based on *document analysis, online survey* among the participating organizations, and also *semi-structured interviews* completed with representatives of these organizations. The survey took place in 2011 and 2012. The purpose of the empirical research is to test and predict the results that can be *expected* from the research. As opposed to future research, they can serve as *benchmark.*

In connection with the *evaluation,* the opportunity of expanding the research towards international comparison is briefly outlined, including *limitations* of the research at present stage (Henriksen, Smith, & Zimmer, 2012; Dobrai & Farkas, 2008, 2010; Billis, 2010; Millesen, Carman, & Bies, 2010; Neville & Murray, 2008); furthermore, a table of *enablers of professionalization* is put together under consideration of structures, processes and people; and a conclusion is drawn.

Nonprofit Organizations Driven towards a Continuous Change

Non-profits vs. Organizations in Other Sectors

It is necessary to briefly explain what the authors understand under non-profit organizations, because it is relevant for present study. The authors share the view that an organization that belongs to the nonprofit sector has to fulfil the criteria by Salamon and Anheier providing a principal definition of the sector (1992, pp. 10–12):

- These organizations should be formal, institutionalized to some extent: they should have a meaningful structure and organizational permanence, and also regularity in their procedures, and operations.
- They should be private, separate from the government (non-governmental), even if they are supported by the government.

- They are not allowed to distribute profits to their owners or directors (hence, they should be non-profit-distributing). However, they are supposed to use their surplus earnings for realization of the objectives of the organization.
- They are not controlled from outside the organization, but they are self-governing: they have their own internal procedures and mechanisms of governance.
- They are based on voluntary membership, so participation in the activities of the organizations is not compulsory.

This description allows us to state that a nonprofit organization is not prohibited from earning a profit, but it shows how the profit earned or otherwise received has to be used (Heyman, 2011). We also have to consider other specific features of the nonprofits, such as their mission or the challenge in connection with their dependence on volunteers: factors that clearly differentiate them from business and government sector organizations. They rely to a great degree on the contribution of volunteers for the fulfilment of their objectives and for carrying out the operations and activities helping with their management.

Sector Growth

One of the main indicators of the development of the nonprofit sector is a general sector growth. We study this by using the example of Hungary (the empirical research presented in this paper was carried out in Hungary), the United States (a country with the strongest Third Sector traditions), and also certain other international indices.

In Hungary, the number of nonprofit organizations has grown by 87 percent in the last 20 years, and their revenue has also grown by more than 90 percent (Hungarian Statistical Office, 2012). Their contribution to GDP is increasing steadily and in 2010 it accounted for 4.5 percent of the GDP (Table 1). It is interesting to look at the revenues in the period of crisis. We can see a growth of revenue even then, by 10 percent in 2010, as compared with lower percentages of the earlier years (Table 1).

The changes in the field of employment in the sector are also very informative. As a result of the rapid growth of the sector, 65 thousand organizations (Table 1) employed three times as many people in 2010, as in 1993. From 2009 to 2010, employment grew by 9.2 percent, so it is now 143 thousand. About 100 thousand people have a full time job in the sector. Volunteers' number is approximately 418 thousand.

However, we cannot say that these phenomena, which were emphasized in the case of Hungary, are unique and that they could be explained through the comparably short time of the development of the nonprofit sector in

Table 1 Number of Nonprofit Organizations and Their Contribution to the Hungarian GDP (2005–2010)

(1)	(2)	(3)	(4)	(5)	(6)
2005	56694	100.0%	854755.1	100.0%	3.88%
2006	58242	102.7%	896244.1	104.9%	3.79%
2007	62407	110.1%	964309.0	112.8%	3.86%
2008	64925	114.5%	1093694.2	128.0%	4.12%
2009	66145	116.7%	1114404.2	130.4%	4.35%
2010	64987	114.6%	1202255.0	140.7%	4.52%

Notes Column headings are as follows: (1) year, (2) number of organizations, (3) change in the number of organizations, (4) total revenue (mio HUF), (5) change in revenue/income, (6) total revenue/GDP. 1 euro = approx. 290 HUF. Adapted from Központi Statisztikai Hivatal (2012, pp. 251–252, 278–279).

Table 2 Change of Employment (%) in the For-Profit and in the Nonprofit Sector in the USA (2000–2010)

Sector	2000 –2001	2001 –2002	2002 –2003	2003 –2004	2004 –2005	2005 –2006	2006 –2007	2007 –2008	2008 –2009	2009 –2010
Forprofit	–1,0	–1,9	–0,3	1,3	2,0	1,9	1,0	–1,1	–6,2	–0,9
Nonprofit	3,3	2,8	1,6	1,8	1,9	2,2	2,5	2,6	1,2	0,8

Notes Adapted from Salamon (2012, pp. 5–6).

Hungary. If we look at the flagship of the third sector 'movement,' the USA, there were 2.3 million nonprofit organisations in the USA in 2010, which shows an increase of 24 percent in the period from 2000 to 2010 (Blackwood, Roeger, & Pettijohn, 2012, p. 2). We also see that between 2000 and 2010, nonprofit employment rates grew in each field of activity, while the for-profit sector showed decreasing employment rates (Table 2). These estimations of Salamon, Sokolowski, and Geller (2012, p. 6) are based on data from the US Bureau of Labour Statistics' Quarterly Census of Employment and wages, and show that this trend also continued in the years of the economic crisis (see data for 2007–2010). According to the Nonprofit Employment Trends Survey (2012, p. 3), more than 40 percent of over 450 nonprofit organizations that responded to the survey increased the number of employees in 2011, and 43% of the surveyed organizations want to increase the number even in 2012. The nonprofit sector is the third largest employer in the United States with about 11 million employees (Salamon et al., 2012, p. 2). From the perspective of the USA, this has an enormous effect on the economy as a whole.

If we look at the sector globally, similar statements can be made. Salamon, Sokolowski, Haddock, and Tice (2013, p. 2) estimate that on the average, 7.4 percent of all employees are working in the nonprofit sector (13-country-average, based on Israel, Australia, Belgium, New Zealand,

United States, Japan, France, Norway, Portugal, Brazil, Kyrgyzstan, Czech Republic, Thailand). The sector's contribution to GDP is on average 4.5 percent (16-country average, the above mentioned countries + Canada, Mexico, Mozambique).

Cross-sectoral Co-operation and Competition as Drivers for Learning in Nonprofit Organizations

Nonprofit organizations are facing challenges and pressure to ensure the efficient use of their resources, and to meet the demands of providing more high quality services and better performance. Greater emphasis is on demonstrating the effectiveness and efficiency in the sector, and all this in times when *obtaining funding is getting harder:* a trend that can be observed for nearly a decade now.

The *competition* from business and public sector organizations, and also from other nonprofit sector organizations – as formulated by Ryan (1999) – has been growing for a decade and a half. Carman (2009) and also Carroll and Stater (2009) stress that nonprofits also have to follow growing accounting, auditing, and reporting requirements. We can argue that they need to show accountability and meet performance requirements if they want to receive financial support from public or private donors. We could also argue, however, that not only competition challenges nonprofit organizations but also *collaboration,* alliance, and partnership as articulated by Chen and Graddy (2010) and also by Hesselbein (2004). The cooperation between business and nonprofit sector can be beneficial for the participating organizations. Hickman (2004, pp. 153–154) presents the results of the Business for Social Responsibility (2003) survey, according to which – as an outcome of cooperation – the *capacity* in a nonprofit organization can improve (employee skills and training), employee teamwork can improve, employee leadership skills can further develop (followers become leaders), more innovative work structures (organizational structures) are developed, employee morale improves, retention, attendance, and performance get better, new improved relationships develop between the organization and the external community or society.

All these data prove that the economic weight of the sector is continuously growing. Salamon (2012) also emphasizes that this is the result of increased revenue from *business operations* (fees for services, investments, sales of products). The growing economic importance also proves that the sector's organizations can flexibly react to the challenges of the environment, and that they are using the opportunity to sell their services and products to customers that need their services and are also able to pay for it.

The tendencies shown in this section of the paper explain why we look

at the motions within the sector more carefully in the following sections of the paper.

Disappearing Boundaries between the Sectors of National Economy

A New Mindset Penetrating the Nonprofit Sector

We should add another worldwide phenomenon to the above mentioned factors, precisely that organizations of different sectors show a growing number of similar features (Epstein & McFarlen, 2011; Dobrai & Farkas, 2010; Anheier, 2009). Business sector organizations show more social responsibility, while the organizations of the nonprofit sector are getting similar to the organizations of the business sector. The numerous similarities between nonprofit and business sector organizations make experts coming from the business sector very useful for the nonprofit sector organizations (Epstein & McFarlen, 2011; Beck, Lengnick-Hall, & Lengnick-Hall, 2008); they are the carriers and transferors of business knowledge.

It is characteristic of the nonprofit sector that it is implementing management knowledge and practices, and developing specific nonprofit managerial knowledge. From this perspective, managerialism, professionalization, and hybridization are important processes.

For most people, the word management even nowadays means 'business management.' However, Ridder et al. (2012) and also Meyer and Leitner (2011) emphasize that nonprofit organizations also need to learn how to use *management as their tool* for successful operation. Agard (2010), Cutler and Waine (2000), Salipante and Aram (2003), and Maier and Meyer (2011) draw attention to a new approach, which is observable in the nonprofit theory and practice, the so called nonprofit managerialism. Managerialism is a mindset and behaviour and has its origins in the business sector, but as time passed it has found its way into the nonprofit sector.

The organizations of the sector increasingly participate in commercial ventures. Hence, their income comes not from memberships, but from sales for the commercial market. This develops the entrepreneurial mindset in these organizations. In relation to this, Salamon (2012) addresses the issue that these organizations provide work instead of service, and this leads to the emergence of various types of social enterprises. However, the most interesting is possibly the fact that the driver of the *entrepreneurial activity* is not the goal of revenue generation, but the fulfilment of the organization's fundamental charity mission. Nonprofit organizations use their revenue for a variety of goals, such as financing the programs of their mission or to cover operational costs.

We agree with what Austin (1998) stated, namely that *effective management* of nonprofit organizations requires special competencies, which can be ensured by people coming from the business sector. The board partici-

pation of business people brings their expertise to the nonprofits and helps develop their managerial and business mindset. The influence of managerialism affects not only the management level, but also results in a growing efficiency of organizational functions, namely in the changes of these functions and in changing activities.

It is a well known fact that in their everyday operations, nonprofit organizations traditionally depend on the contribution of volunteers and also on donations to a great extent, otherwise it would be hard for them to fulfil the organization's mission and deliver higher level service to the target group (Langer & Schröer, 2011). A phenomenon regarding this is that managerialism negatively influences voluntary work, consequently, the role of volunteers in the sector decreases.

Hannum et al. (2011) and Hesselbein (2004) draw attention to the changes in the leadership models of nonprofit organizations, which have occurred lately. These enormous challenges require learning and development of the nonprofit organizations. Such factors, which make learning for the nonprofits necessary (Hannum et al., 2011), are the commitment and the need to operate under new types of leaders. Another difficulty is to become increasingly diversified. Of course, organizational contingencies influence the decisions regarding the solutions (Brown & Guo, 2010; Epstein & McFarlen, 2011), managerial or governance tools (Bradshaw, 2009; Ridder et al., 2012; Kreutzer, 2009) that should be adopted by the nonprofit organizations.

The Emergence of Hybrid Organizations

Traditional methods are not sufficient to describe third sector organizations. Markström and Karlsson (2012) see the causes in the blurring of the boundaries between organizations of public, private and nonprofit sector. One sign of this trend is the emergence of hybrid organizations or organizations with mixed-structure.

We have to consider hybrid organizations as the organizations possessing the characteristics of organizations of more than one sector. They can be *hybrid organizations* regarding their organizational structure, where different structures co-exist in the same organization. Not only form but also solution combinations can be viewed as *hybridization.* Markström and Karlsson (2012) stress the advantage of the hybrid forms in their feature that they allow the nonprofit organizations to access strong and powerful unions, social networks, and structures, which are formalized and professionalized. It is not simply a mixture of the characteristics of different sectors but, as seen by Billis (2010), this also means using different governance and operational methods and techniques. There is a variety of organizational and legal forms existing parallel to each other such as community interest companies, so-

cial enterprises, partnerships etc. Regarding this situation, Hasenfeld and Gidron (2005) show that hybrid organizations combine the characteristics of social movements, volunteer-run associations, and nonprofit service organizations. They also argue that third sector organizations are *dynamic* entities, so the individual organization can change during its whole existence. This same feature is addressed by Salamon (2012) emphasizing the resilience as a determining feature of nonprofit sector organizations; for which we can find proof all over the world.

Professionalization of the Sector

In connection with an increasing degree of the usage of management techniques and management tools, one of the current issues discussed in nonprofit research is *professionalization* (Maier & Meyer, 2011). This means striving for more efficient structures, more efficient operation (Mannsky & Siebart, 2010). According to various research findings, influencing factors of professionalization can be found in the operations of the nonprofit organization (Mannsky & Siebart, 2010), in the increasing level and amount of expertise within the organization (Hwang & Powell, 2009; Dobrai & Farkas, 2008), and in adopting managerial tools (Maier & Meyer, 2011). It is commonplace that professionalization goes along with hiring full time, paid staff, which traditionally is not a common phenomenon in nonprofit organizations. Professionalization brings expert knowledge not only in the functional fields of the organization, but also in the leadership positions. Performance orientation is consequently improving and leads to the development of organizational competences, building capacity, and facilitation of their realization. As professionalization, we understand the process of becoming professional; the fulfilment of both organisation-related tasks, and internal and external services with expertise and excellence.

By looking at the trends that have been described in the previous chapters – no matter if we talk about co-operation, managerialism, or hybridization – we have to consider the fact that these are important forces, which drive the nonprofit organizations in the direction of more professional operations. They choose the ways that support them in their learning and development processes, and in developing knowledge and skills facilitating their professionalization process.

Organizational Development and Capacity Building

Cummings and Worley (2008, p. 752) consider organization development (OD) to be 'the system-wide application and transfer of behavioural science knowledge to the planned development, improvement, and reinforcement of the strategies, structures, and processes that lead to organization effectiveness.'

Buchanan and Boddy (cited by Senior, 2002, p. 302), describe organizational development by using similar aspects; however, they also emphasize that it is goal- and process-oriented – resulting in improved organizational *capacity:*

- It deals with change over medium to long term, that is, change which needs to be sustained over a significant period of time.
- It involves the organization as a whole, as well as its parts.
- It is participative, drawing on the theory and practices of the behavioural sciences.
- It has top management support and involvement.
- It involves a facilitator who takes on the role of a change agent.

It is a well known fact that organizational development is an important tool of leading change in organizations. It includes everything concerning the organization, such as organization culture, leadership and management, strategy and structure, productivity and performance, systems and processes, creation and reinforcement of change, innovation, problem solving, people (teams), workplace relationships, group dynamics, work design, technology etc. OD views organization as a complex system.

According to our understanding, organization development is a top-down approach involving the whole organization that aims to increase the efficiency and the lifecycle of an organization though structured actions. We define *an organisational development program* for the nonprofit sector as an organized (national, regional, sector-specific) program that is carried out and fulfilled within professional framework that ensures targeted organizational development in the nonprofit sector and in its organisations.

One more characteristic of OD should be emphasized, namely that OD is an ongoing process in a changing environment. Its aim is to develop skills and knowledge of the organization members and to build organizational capacity. McKinsey (2001) emphasises that each element of the capacity building is important for the success of the organization (among others, also organizational development). Also, the European Union has acknowledged the importance of *capacity building* of nonprofit organizations. A research conducted by the European Foundation Centre (EFC) (Carrington, 2008) looks for the factors that help improve the effectiveness and the quality of the work of nonprofit foundations. Based on 100 interviews, the study initiated by the EFC Capacity Building Committee, identifies the tasks, roles, and priorities that help these foundations in the improvement of capacity building, which is: 'Actions that improve effectiveness – the process of strengthening an organization (and the people within) to enhance skills, knowledge and confidence.' (Carrington, 2008, p. 3.) This short definition

sums up the most relevant aspects that we principally consider when talking about the professionalization of the nonprofit sector organizations, and it also helps us fit the organization development approach in the research trends focusing on the professionalization of the nonprofit sector.

Evidence from the Practice

Aim and Participants of the Empirical Research

The importance of meeting the demands of nonprofits for development found response in the organization development program that was offered to the nonprofit organizations in two counties of the Southern Transdanubian region of Hungary (Table 3), namely in Baranya and Somogy. The aim of the program was to enable the nonprofit organizations to consciously influence the factors that impact their situation and to consciously meet the expectations towards them. Furthermore, the program helped these organizations with choosing the right management tools necessary and appropriate for their progress.

The research was conducted and coordinated by the House of Civic Communities, an umbrella organization that focuses on providing all kinds of professional services to help other nonprofit organizations. Documents of and about the program's details and the list of participating organizations were provided by this organization. The pilot project with the aim to study the professionalization and knowledge management features of the Hungarian nonprofit organizations was based on this program.

Table 3 shows the number of nonprofit organizations in the surveyed regions. From these organizations, a total of 58 organizations completed the complex organizational development program. The participating organizations were the target of our online survey. The organizations included in our analysis were mostly associations and foundations, the two main types of nonprofit organizations in Hungary: 70 percent of them were associations, one quarter were foundations. This structure corresponds fairly well with the structure of the nonprofit sector of this region, where most nonprofit organizations are operating in the form of associations (Table 3).

Research Process

The collection of the data used in our research took place in 2011–2012. A *questionnaire* consisting of 18 questions, most of them with 5–8 subquestions, was developed. It consisted of questions with a 7 point ranking scale and also several open-ended questions.

An e-mail containing the link to an online questionnaire was sent to 58 participants of the organizational development programme, 33 questionnaires were returned and analyzed. Later on 10 additional questionnaires

Table 3 Number of Nonprofit Organizations in the Surveyed Region
(Southern Transdanubia)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2005	1726	236	3357	77	81	238	146	17
2009	1863	226	4136	49	90	254	206	10
2010	1841	216	4119	44	79	226	209	11

Notes Column headings are as follows: (1) year, (2) private foundation, (3) public fundation, (4) association, (5) chamber, (6) labor union, (7) professional organisation, (8) public benefit organisation, (9) other. 1 euro = approx. 290 HUF. Adapted from Központi Statisztikai Hivatal (2012, p. 205–210).

were filled out by the representatives of organizations that hadn't participated in this particular OD programme. Since this was an online survey, the results (statistical analysis) were generated by the online program. We analysed only those survey questions that provided general information about the organizational development program, about its main objective and the outcome of the research, general expectations and outcomes, independently from activity field or size of the organization; namely the following questions:

- *Question 3.* Name the most important areas of your interest where you expected to gain new knowledge in the framework of organization development program.
- *Question 4.* In your opinion, how well did the organizational development program satisfy your expectations that after finishing the program you will be able to meet the following challenges your organization is facing: to participate in national and regional cooperation, learn principles of organizational and service management, learn the methods of fund raising and financial management, be able to write projects and execute them, and be able to deliver quality services.

In order to have a more complete picture about the organizations and the sector, the authors of this paper took 37 interviews in the summer and autumn of 2012. The aim of the semi-structured interviews was to get the information that completes the data received from the questionnaire. It involved the learning and development needs, and actions of the organizations during their whole existence. The information from the questionnaire and the interviews was used to do the necessary alterations for the country-wide research.

Findings and Evaluation of the Pilot Project

For such research it is always relevant to compare the expectations and the outcomes from the perspective of the organizations involved, to learn

Table 4   Expectations of the Participating Organizations

Development needs of the surveyed organizations	Percentage
Improving fundraising techniques	76%
Communication development	67%
Cooperation development	64%
Financial management	55%
Public relations	48%
Volunteer development	45%
Project planning and management	23%
Conflict management	21%
Administrative activities, documentation, accounting	11%
Other (during the disagnosis arising, not foreseen development tasks)	9%
Nonprofit marketing	1%

why the participating organizations wanted to do this project. The authors did the same in the framework of the examined pilot project. Based on the document (application) analysis of the participating organizations, the two questions (concerning the general expectations and the outcomes) and the interviews in connection with the same issues, we summed up the results of the pilot survey in order to answer the research questions.

Expectations of and Tailored Solutions for the Organizations

In accordance with the above articulated development needs of the non-profit sector organizations, the complex organizational development program was supposed to have long term impacts on the involved organizations. Such a program is able to prepare the participants for more stabile operations, helps the strengthening and deepening of inter-organizational cooperation, cooperation between the sectors, decreases the inequalities between the city and the country, improves their information and communication infrastructure, improves experience in the field of activities (particularly those in connection with writing applications and successful projects accomplishment). Through all this, it is able to ensure long lasting existence of the involved organizations.

According to the results of the survey that was conducted by the authors of the present paper, it has been proven that the program, which contained training and development facilitating teamwork and organization-specific programs was very useful for the participating organizations. This can be explained through the fact that they offered not only general programs that fitted all of the participating organizations (foundation nonprofit knowledge, financial issues in nonprofit organizations, human resource management in nonprofit organizations, developing partnerships between organizations and sectors, improvement of organizational activities of the services, op-

erational issues of nonprofit organizations etc.), but also programs which were tailored to the special needs of different organizations.

By covering an extremely broad variety of development fields, they helped the participants learn and improve their skills and knowledge, and to become more professional in their service.

Lessons Learned from the Research

From the perspective of the demands generated by existing knowledge, the organizations have a *constant learning need* they are experiencing in their everyday routines. Most of them need different kinds of funding to be able to participate in the formal development. Many organizations are lacking financial knowledge and skills.

The participating organizations value both *formal and informal learning.* They often use umbrella organizations to satisfy their need for expertise in a special field. A lot of the nonprofits acquire skills and expertise by carrying out tasks themselves. Projects seem to be very beneficial for them. A very efficient way of learning is networking, which enables easy access of information.

Organizational development has special values for the participating nonprofits, because the OD programs contained also programs that were tailored to the specific needs of the individual organizations. Each organization, no matter the level of its professionalization, could gain new knowledge. These programs were very important because of an organizational diagnosis, which helped them identify their strengths and weaknesses and consequently develop and build capacity.

We can learn *from both desk and our own empirical research* that nonprofit organizations must turn to managerial tools if they want to find the right responses to the challenges of their operational environment. There is a need to become institutionalized and to adjust the existing organizational structures to the *changing expectations.* Among others, mixed forms, networks, communities can be viewed as more efficient structures. The implementation of these new forms goes along with a learning pressure for the nonprofit organizations, or with pursuing the aim of knowledge sharing for the sake of the nonprofits and the communities that they serve.

Implementing managerial techniques, finding better and newer solutions to problems, and improving the organizational processes help nonprofits with their capacity building. Focusing on the knowledge-related processes in their operations, learning, personal and organizational development and developing learning-friendly culture (where expertise and creativity, skills, knowledge and competences are valued) is among the prerequisites of becoming a professional organization.

Findings of the desk and field research are compiled in the model in

Table 5   Enablers of the NPO-professionalization

Structures	Processes	People
More efficient structures	Implementing managerial techniques	Professional knowledge in functional areas
Organization design	More efficient operations	Expertise
Hybrid organizations	Adapting new and better solutions	Professional management/leadership
Lean structure	Standardization	Improved competences
Blurry/fuzzy boundaries	Learning	Increased qualification level of leaders
Networks	Knowledge sharing	Skills
Partnerships	Co-operations	Learning culture
Knowledge communities	Capacity building	Professional volunteers
Projects/teams	Organization development	Human capacity

Table 5, which shows the three main pillars of professionalization of the sector's organizations.

General Statements About the Research

We can learn *from both desk and our own empirical research* that nonprofit organizations must turn to the managerial tools if they want to find the right responses to the challenges of their operational environment. There is a need to become institutionalized and to adjust the existing organizational structures to the *changing expectations.* Among others, mixed forms, networks, communities can be viewed as more efficient structures. The implementation of these new forms goes along with a learning pressure for the nonprofit organizations, or with pursuing the aim of knowledge sharing in interest of the nonprofits and the communities that they serve.

Implementing the managerial techniques, finding better and newer solutions to problems, improving the organizational processes, help nonprofits with their capacity building. Focusing on knowledge-related processes in their operations, learning, personal and organizational development and developing learning-friendly culture (where expertise and creativity, skills, knowledge and competences are valued) is among the prerequisites of becoming a professional organization.

The *application documents, the survey and interview results* showed that there was a large *scale of drivers* for participating in the project. The differences in age, size, and the current development level of the organizations influenced how they formulated their expectations; this proved a different level of expertise and also a difference in the professional background of the participants (the beneficiaries) of the project. However, we can agree that they all recognized the importance of the learning and development

need in order to ensure the sustainable existence of their own organization. Also, the contingency factors such as location, activity field, lack of operation resources, lack of info-communications technology, lack of application experiences, dependence of revenues on governmental (central) sources, and other characteristics of different organizations found their manifestation in the large variety of priorities (Table 4).

A *common feature* that could be observed was that they needed to acquire and develop the managerial skills and knowledge; that they wanted and had to develop their performance, and increase the quality of their service; that they were lacking the financial knowledge they would need for their everyday operations. They also needed to develop their cooperation and partnership with other organizations; moreover, they had to improve their skills in the field of team work and nonprofit specific activities such as fund raising. These findings correspond completely with the results of several earlier research projects (Henriksen et al., 2012; Dobrai & Farkas, 2008, 2010; Billis, 2010; Millesen et al, 2010; Neville & Murray, 2008).

Limitations and Future Perspectives of the Research

The sample of the studied organizations cannot be viewed as representative for the whole country due to the limited number of the surveyed organizations and limited geographic area. This is why it is not relevant for the research to go into more detailed description of the participating organizations and give more detailed analysis of their characteristics (mission, number of personnel, extent of activity) at this stage. However, the regularity of the answers collected during the pilot project may become representative for the sector.

The experiences are now being used in the large sample research that includes each county of Hungary, with a large number of representatives of organizations from different fields of activity. The proper differentiation of organizations caring for old and disabled, those who are delivering services in the field of health, sport and recreation, education, or advocacy and other activities will be possible.

Conclusion

The paper gives a critical overview of a variety of issues in connection with the professionalization in the nonprofit sector. Focus is on the use of soft tools of change, such as organizational development.

The phenomena that have been described in the first part of the paper are important forces, which drive the nonprofit organizations in the direction of increasing efficiency and effectiveness of operations, more conscious operations, improving service quality, and providing more professional operations. If we look at the nonprofit organizations from this perspective, we can

state that, as a consequence of the changes in their external environments, they have to learn constantly.

As a summary of the empirical research, it can be stated that organization development programs for nonprofit organizations offer great opportunities for them to build capacity, acquire new knowledge, learn new methods, develop capabilities; and by using those improve their organization and ensure their long-term existence. This was proven by the presented analysis of the pilot project of a greater empirical research.

The lessons of the project can be useful not only for other nonprofits in Hungary but also in other countries. If we consider that many aspects addressed in the present paper are mainstream areas, we can say the perspective of organizational development fits well in these trends and adds to the research in the field of professionalization of the nonprofit organizations.

The findings also suggest that, based on the lessons learned from the pilot project, a modified questionnaire will help the researchers expand the areas of research both geographically (to include all the regions of the country into the survey) and on as many fields of activity as possible, and would consequently give a reliable picture of the country's nonprofit sector. Because of the increased interest in the issue, and the model developed as a result of the desk research and the pilot project, we can assume that a deeper international comparison would also be possible. Furthermore, the decreasing independency of nonprofit organizations, as a new element of the professionalization, deserves deeper analysis.

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