

# Spiritually Informed Not-for-profit Performance Measurement

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Received: 16 October 2014 / Accepted: 2 May 2015 / Published online: 15 May 2015  
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**Abstract** Performance measurement has far-reaching implications for not-for-profit organizations because it serves to legitimize, attract resources, and preserve expectations of stakeholders. However, the existing theory and practice of not-for-profit performance measurement have fallen short, due in part, to an overuse of profit-oriented philosophies. Therefore, we examine not-for-profit performance measurement by utilizing Marques’ (J Bus Ethics 92:211–225, 2010) “five spiritual practices of Buddhism.” Marques’ spiritual practices—a pro-scientific philosophy, greater personal responsibility, healthy detachment, collaboration, and embracing a wholesome view—are the foundation of our research design. Responses from senior not-for-profit practitioners ( $n = 63$ ) support the linkages between spiritual practices and not-for-profit performance measurement. We identify three essential performance measurement *principles* and elaborate on their capacity to generate awareness, higher meaning, and connectedness within not-for-profits.

**Keywords** Buddhism · Metrics · Not-for-profit · Performance measurement · Social enterprise · Spirituality

## List of Abbreviations

BSC	Balanced scorecard
NFP	Not-for-profit
NFP-PM	Not-for-profit performance measurement
PM	Performance measurement

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## Introduction

I have been struck again and again by how important measurement is to improving the human condition (Bill Gates 2013).

Despite its original use in profit-oriented philosophy, performance measurement (PM) has far-reaching implications for how not-for-profits (NFPs) are governed (Glaeser 2002); how donations/commissions are managed (Gates 2013; Liket and Maas 2013; Millar and Hall 2013); and how NFPs extend service delivery (Gamble and Moroz 2014). Not-for-profit performance measurement (NFP-PM) also plays a vital role in mitigating the damage caused by unethical behavior within NFPs (Brower and Shrader 2000). Principally, performance measurement (PM) is situated as an essential element of NFP organizations because it assists in gaining and maintaining the trust of various constituents, including the public, employees, and donors (Speckbacher 2003).

Notwithstanding its many benefits and importance to organizational success, scholars have called for further development of PM within the NFP domain (Dees et al. 2008; Ebrahim et al. 2014; Moxham 2009; Short et al. 2009). Over the last two decades, NFP-PM has continued to attract criticisms related to both form and functionality (Bertotti et al. 2011; Bull 2007; Drucker 1995; Ebrahim 2003; McLoughlin et al. 2009; Meadows and Pike 2010; Pritchard et al. 2012; Somers 2005). One particular criticism is that many NFP-PM approaches attempt to measure social or societal impact, which fails to delineate, monitor, and inform outcome characteristics within a NFP’s control (Ebrahim and Rangan 2014; Millar and Hall 2013). Another criticism is the overuse of profit-oriented philosophies when examining NFP-PM (Kaplan 2001).

Therefore, we stand back from this conversation and wonder if alternative philosophies might guide and/or improve NFP-PM inquiry.

Acknowledging the critical role that PM plays in the overall health of NFPs, as well as the corresponding criticisms, we wonder if “alternative philosophies” could broaden the NFP-PM conversation (Freeman et al. 2010; Marques 2012, p. 27). Historically, spiritual philosophies have been used to explain, unpack, or even build new perspectives on management theory (Ashmos and Duchon 2000; Dent et al. 2005; Dyck 2014; Giacalone and Jurkiewicz 2003; Karakas 2010a, b; Marques 2010; Mitroff and Denton 1999a; Steingard 2005; Tracey 2012). More recently, scholars have recommended the use of Buddhist spiritual practices within organizations to elevate levels of awareness, connectedness, and higher meaning (Marques 2010; Purser and Milillo 2015).

Consequently, we ask, what are the implications of utilizing Buddhist philosophy to advance NFP-PM scholarship? To address this question, our research design is premised on five spiritual practices of Buddhism, namely, a pro-scientific philosophy, personal responsibility, healthy detachment, higher collaboration, and a wholesome view (Marques 2010, p. 216). We apply these Buddhist practices to unearth NFP-PM principles.

First, we introduce and explain NFPs as a unique organizational form. Second, we survey the current NFP-PM literature to position the conversation. Third, we develop a justification for applying the spiritual practices of Buddhism to our research design. Fourth, we offer derived NFP-PM principles and discuss their implications for both scholars and practitioners. The contributions of our paper are three-fold. First, we respond to the call for further spiritually informed NFP-PM (Alexander 2010). Second, we highlight the value associated with utilizing spiritual principles to inform the design of management research (Sørensen et al. 2012). Third, we offer three NFP-PM principles that should be utilized within NFPs and demanded by external NFP constituents.

## Not-for-profits

Not-for-profits (NFPs) are one category of social enterprise business model (Dees 1998a; Dees and Anderson 2003; Gamble and Moroz 2014) devoted to social value creation (Austin et al. 2006; Mair and Martí 2006; Peredo and MacLean 2006). Historically, NFPs have been an economic outlet for benevolence and altruistic behavior, often established or connected with religious institutions/ideologies (DiMaggio and Anheier 1990). In the United States, NFPs are formally recognized as organizations legally registered under the 501(c)3 Tax Code, permitting

tax-exempt status. In Canada, NFPs are recognized by meeting the conditions set out in paragraph 149(1)(l) of the Income Tax Act, and are also registered as tax-exempt on this basis. In the United Kingdom, NFPs are registered with the Charities Commission under distinctive organizational structure options that include charitable trusts, charitable incorporated organizations, or charitable companies, and that gain various value added tax (VAT) relief/exemptions. For each of the described countries tax-exemptions are generally contingent upon the redistribution of revenues to operations, not owners, to further social value creation.

The importance of NFPs is demonstrated in their social value creation (Alvord et al. 2004; Trivedi and Stokols 2011; Zahra et al. 2009), for example, the reduction/elimination of issues such as poverty, homelessness, pollution, disease, drug addiction, illiteracy, crime, and animal abuse (Dart 2004; Harding 2004). From a macro-perspective, the United Nations estimates suggest that, on average, NFPs account for 7.4 % of the workforce and 4.5 % of Gross Domestic Product (Salamon et al. 2013). From a micro-perspective, the lived reality of operating a NFP is one of complexity, given the varying stakeholders, competitors, and service delivery pressures—including uncovering and exploiting opportunities, risk-taking, and innovation—against a backdrop of social market failure (Dees 1998b; Gamble and Moroz 2014; Weerawardena and Mort 2006).

Despite NFPs growing contribution to economic and social well-being, they are confronted with tensions that directly impact the number of recipients they can serve. Internally, the challenge facing NFPs lies in achieving a balance between social goals and the financial means to attain such goals (Battilana et al. 2014). Externally, leadership of NFPs face pressures related to capturing donor interest and funding, decreasing public budgets for social welfare, the persistence of social problems, and the unpredictable demand for humanitarian aid (Morino 2011). A recent example of the complexity and tensions associated with NFP status is the World Health Organization’s (WHO) efforts to deal with the 2014 Ebola crisis in Africa, where more than 20,000 have died. Under-resourced and under pressure from multiple constituents the WHO was criticized for failing to respond to the early warning signs of the outbreak (Busby and Grépin 2015), and were subsequently criticized for mismanaging international financial aid. Because performance tensions can negatively influence NFP service delivery, we argue that NFP-PM is both important and relevant to the growth and development of these organizations (Dawson 2010; Dees et al. 2008; Ebrahim and Rangan 2014; Meadows and Pike 2010; Nicholls 2009).

Even exemplar NFPs face PM tensions described above. Take for example Habitat for Humanity. Habitat for

Humanity is a world-leading NFP archetype of innovation, stakeholder management, and creative resource allocation. Operating in almost 80 countries, Habitat for Humanity's mission is "to eliminate poverty housing and homelessness from the world and make decent shelter a matter of conscience and action worldwide." Founded in 1976 by a Christian couple in Georgia, United States, Habitat for Humanity has seen the construction and renovation of over 800,000 homes for homeless, impoverished, and disadvantaged families across the world. Their services have never followed a "giveaway" or "hand-out" philosophy. Beneficiaries of the houses are expected to participate in the build or renovation of their home, and also to spend time building houses for others. Furthermore, Habitat for Humanity fosters responsibility and a sense of ownership, by having beneficiaries pay for their home and land through micro-loans and long-term payment plans. Profit realized from the mortgage payments are then placed into a revolving fund that provides funds for more homes to be built. Furthermore, Habitat for Humanity has developed creative revenue generating activities such as Habitat ReStore, which collects, sells, and stores home improvement materials and services. To minimize costs associated with homebuilding, Habitat maintains a large volunteer base. Past builds have involved a former President of the United States, (Jimmy Carter), CEOs, students, and long-serving volunteers. Individuals who participate in builds are said to experience spiritual moments, by "doing for others" (Baggett 2000). Overall, Habitat for Humanity demonstrates its success as an NFP by contributing to positive change on economic, social, and political levels (Trivedi and Stokols 2011). Yet, there is also a cautionary tale within this success story that extends to virtually all NFPs. Prior exploratory fieldwork, with Habitat for Humanity executives in Canada, highlighted the importance of and challenges related to PM—being vigilantly aware of and connected to PM can be hard, yet it is essential to delivering social value and communicating with varying constituents.

### Not-for-profit Performance Measurement

What gets measured, gets managed (Drucker 1954).

Given the tensions described above, PM is ideally positioned to regulate and communicate internal and external activities (Cavalluzzo and Ittner 2004; Mason et al. 2007). The significance of PM is demonstrated in the way it influences organizational capabilities, behaviors, and outcomes (Franco-Santos et al. 2012). For example, the type of PM implemented is found to affect important internal management characteristics such as role clarity and

psychological empowerment (Hall 2008). Alternatively, varying forms of PM can impact the creative and entrepreneurial processes within NFPs (Ebrahim 2003). VanSandt et al. (2009) suggest that PM is an essential part of NFP practices because it legitimizes, attracts resources, and preserves expectations of stakeholders.

Yet, NFP academics and practitioners have made several calls for the development of NFP-PM (Dees et al. 2008; Gates 2013; Kloos and Papi 2014; Millar and Hall 2013). At one point in time, donors allocated money based on reputation and uninformed trust. More recently though, there has been a shift in expectations. NFPs are more frequently being asked to provide PM evidence related to social services performed, to ensure money is spent appropriately (Nicholls 2009). NFPs are also facing greater expectations from governments. The Social Value Act in the United Kingdom is a relatively new policy (implemented January 2013) requiring that in addition to the disclosure of financial performance, public procurement over £30,000 must be followed by a social and environmental performance assessment. Furthermore, NFPs in the United States are facing potentially disruptive competition from a novel, socially driven, hybrid organizational form termed Benefit Corporation. Part of the reason that Benefit Corporations are entering the NFP space is their dual-objective model, which permits a focus on earning profits and providing social services. Similarly, Community Interest Companies in the United Kingdom play a disruptive role in the evolutionary path of NFPs. Consequently, the economic reality is that underperforming and poorly governed NFPs are likely to be pushed out of operation. Fortunately, PM may provide some relief to NFPs, by offering information that assists in effective resource allocation decisions and stakeholder engagement (Micheli and Manzoni 2010).

Several proactive efforts have been made to improve NFP-PM. The Social Business Initiative Round Table on Impact Measurement (EU), the G8 Social Impact Measurement Taskforce, and New Philanthropy Capital's "Inspiring Impact" campaign have signaled wider support for NFP-PM, as well as a legitimate desire to develop this domain. However, reactive approaches to NFP-PM are more prevalent. Instances of NFP fraud have contributed to public scrutiny of how charitable funds are used and the perceived legitimacy of current NFP performance reporting mechanisms (Alexander 2010, p. 203). Fremont-Smith and Kosaras (2003) offer 152 documented cases of wrongdoing by officers of charities ranging from criminal charges such as theft and fraud to a breaching of duties in the form of self-dealings and failure to carry out the NFPs purpose. Several of the most salient cases of NFP wrongdoings include Adelphi University, the Allegheny Health System in Pennsylvania, the United Way of Santa Clara, and the

International Olympic Committee. In many of the 152 wrongdoings (Fremont-Smith and Kosaras 2003), part of the overall problem was lack of accountability to certain performance measures and/or misaligned PM.

To position our contribution, we first collate, examine, and present the findings from a literature review of NFP-PM discourse. The inclusion criterion was an explicit contribution to understanding NFP-PM. Table 1 records the study authors, methods, sample, and the findings for the 17 articles that were found to explicitly discuss NFP-PM. We searched the popular business databases ABI/INFORM Global and Business Source Premier using variations of the search terms “not-for-profit” or “social enterprise” and “performance measurement” or “effectiveness.”

Table 1 demonstrates that NFP-PM is amorphous (Lecy et al. 2012; Moxham 2009; Nicholls 2009). Our literature review highlights several competing perspectives, for example, whether or not a traditional private sector PM approach should be utilized when studying NFP-PM (Bull 2007; Kaplan 2001; Moxham 2009; Speckbacher 2003). This is important because it demonstrates the unresolved conflicts with applying private sector, profit-oriented philosophy to the NFP domain. Priorities within NFPs are different (Kaplan 2001), and the complexity of relationships required to achieve those priorities also vary. Profit-oriented organizations ultimately need to satisfy the shareholders demands, whereas NFPs must balance the interests of multiple/varying stakeholder groups, many of which are not interested in financial matters (Ebrahim et al. 2014). Most PM in the private sector works off of a basic underlying assumption that PM assists with efficiency and effectiveness so that the organization can become more financially profitable (Koufteros et al. 2014). However, NFP-PM is fraught with a difficult but undeniable conflict, namely reconciling social-mission achievement with financial constraints and varying constituent demands (Bartilana et al. 2014). Drucker (1995) labels this the ‘moral’ versus ‘economic,’ Dees (2012) explains it as the ‘charitable’ versus the ‘market,’ while others imply it is a ‘social welfare’ versus ‘commercial’ debacle (Pache and Santos 2010, 2013).

Despite the demand for and importance of NFP-PM, we find that NFP-PM has fallen short and is need of improvement. A closer look at the extant literature reveals that the goal of NFP-PM—to capture and report on both the social and commercial value created—has not yet been realized (Bagnoli and Megali 2009; Dees et al. 2008; Kaplan 2001; Nicholls 2009). A majority of the articles reviewed were premised on a resource-based view, which assumes that by appropriately managing and measuring tangible resources of an organization, effectiveness and efficiency follows (Barney 1991). However, these assumptions do not fully appreciate the NFP context

(Speckbacher 2003). Furthermore, only a small portion of scholarly articles (Dees 1998b; Diochon and Anderson 2009; Gamble and Moroz 2014) made mention of the need to consider, include or capture the implications of innovation, which are essential to NFP survival. Collectively, NFP-PM is intended to assist with strategic decision-making and influencing positive actions of stakeholders (Micheli and Mari 2014), yet it appears to be a long way from accomplishing this task within the NFP domain.

Likewise, frameworks used for NFP-PM have also fallen short. The emergence of a variety of potential NFP-PM frameworks was intended to resolve some of the tensions described, yet none have been widely adopted (Liket and Maas 2013; McLoughlin et al. 2009; Meadows and Pike 2010; Somers 2005). Largely what is known about and available to NFPs, concerning PM, is consultancy driven (Ebrahim and Rangan 2014). The most popular of the approaches to NFP performance are the Global Reporting Initiative standards, Investors in People certifications, Cost-Benefit Analysis, and Social Return on Investment. However, uptake of these frameworks is thwarted because of complicated implementation processes, low return on total costs, and minimal return on time commitment (Bertotti et al. 2011; Pritchard et al. 2012; Tuan 2008). It is difficult for NFP leaders to support many of the NFP-PM frameworks in circulation because these instruments are associated with potentially negative outcomes, such as expensive and complicated implementation processes, wasted resources, and ambiguous data for decision-making (Ebrahim and Rangan 2010; Kloos and Papi 2014; Millar and Hall 2013).

Overall, PM does help to manage NFP tensions. Yet, we agree with the calls to improve NFP-PM knowledge because it has fallen short and is need of enhancement. We proceed by suggesting that the observed contradictions may be partly related to traditional profit-oriented thinking and philosophies (Baruch and Ramalho 2006). As such, we ask and inquire about the implications of utilizing another type or form of philosophy to advance NFP-PM scholarship. Micheli and Mari (2014) suggest that PM can overcome weaknesses if its efforts are focused on providing *principles* or guidelines that inform and influence action. Many spiritual traditions are premised on such long-standing principles.

## Spiritual Theory

The precise meaning of “spirituality” is complicated given that more than 70 widely accepted definitions of the word (Markow and Klenke 2005). However, we suggest that *spirituality is a force, or an idea, that challenges us (as a community) to be inward and outward looking*

**Table 1** Literature specific to NFP performance measurement

Authors	Method	Sample	Contributions to NFP performance measurement conversation
Bagnoli and Megali (2009)	Single case study	Ulisses, Italy, a work integration social enterprise	Measurement within a social enterprise needs to consider the social aims as much as the business aims
Bertotti et al. (2011)	Secondary data analysis	State of Social Enterprise Survey UK 2009 ( <i>n</i> = 962)	No standardized form of measuring impact exists Social enterprises' use of performance measurement: 78 %—not measuring 15 %—use own tool 7 %—use developed tool (<3 % for SROI) Easier to use, consistent forms of impact measurement are necessary, as well as more support for organizations to apply them
Bull (2007)	Interviews with organizations that pilot tested a performance measurement tool for social enterprise "Balance"	30 social enterprises in the UK (Manchester and Lancashire)	Traditional private sector performance measurement tools are too quantitatively oriented to capture the value of social enterprise—adaptations are necessary Advanced social enterprises demonstrate transparency and accountability Common weaknesses are management systems, quality standards, and social accounting
Diochon and Anderson (2009)	Conceptual	Literature review	Social enterprise success depends upon the congruence between the environment and the core processes (people, activities, formal + informal organizing) employed to achieve aims Most current mechanisms of accountability for social enterprise limit the amount of entrepreneurial (self-sustaining, flexible, and sustainable) behaviors they can exhibit Measurement systems should support/encourage "entrepreneurial" behaviors in order to foster effectiveness (i.e., increased social inclusion and sustainability)
Ebrahim and Rangan (2010)	Literature review	Academic articles, conversation on impact in the US philanthropic sector, and input from international development agencies	The aim to measure should depend upon theory of change (complex or focused) and operational strategy (complex or focused) Performance measurement should include only indicators/measures that the organization can reasonably control/influence
Forbes (1998)	Structured literature review 21 articles were selected from six leading journals on nonprofit and voluntary sector or neighboring journals publishing empirical works on the sector (i.e., AMJ)	"Empirical" studies of nonprofits versus theoretical papers on "effectiveness" explicitly were examined for consensus of findings. 1977–1997 time frame	No single theory best describes nonprofit effectiveness The best way for organizations to measure effectiveness is through tailored frameworks Multi-dimensional measures of success are suggested as most appropriate Effectiveness will be dependent upon industry, context, and environment
Gamble and Moroz (2014)	Literature review	Theoretical considerations (social capital, entrepreneurial orientation, and financial accounting)	A conceptual framework for understanding high performance in NFPs High-growth performance in not-for-profits is most likely when the executives possess social, entrepreneurial, and financial orientations Initial understandings of "how" NFPs succeed (versus the vast amount of current literature which addresses the "why")

Table 1 continued

Authors	Method	Sample	Contributions to NFP performance measurement conversation
Kaplan (2001)	Literature review Conceptually builds on Balanced Scorecard Theory	Case studies: United Way of America, United Way of Southeastern New England, Duke's Children's Hospital, New Profit Inc. (venture philanthropy)	The outputs of the program/initiative in which NFPs are engaged are what is important to measure NFPs must measure their performance to maintain legitimacy from funders, donors, and the public, but traditional forms of this practice (financial measures) are not sufficient for the task The adapted Balanced Scorecard enables a strategic focus, based on the mission, through which managers of NFPs can create a consistent message for guiding activities, departments, teams, and individual employees to success Donors/funders as well as beneficiaries are categorized as customers Empirical studies which test the validity of proposed models would be useful Developing shared meanings for NGO/NFP effectiveness across disciplines would assist in defining, measuring, and studying the phenomena Papers on the subject should address the inter-disciplinary nature of the subject explicitly
Lecy et al. (2012)	Citation analysis: structured literature review with snowball sampling	Academic journals with a focus on NGO/NFP effectiveness: business, international relations, and international development	Effective performance management is more important to social enterprises than for traditional businesses due to the typically lower than average business acumen existing within these organizations Propose a modified version of the Balanced Scorecard as an appropriate performance measurement tool
Meadows and Pike (2010)	Multiple case study	Adventure Capital Fund projects	The information derived from measuring "medium term" time horizons seen as strategic and therefore most beneficial to Boards and Funders No "good" tool for measuring social impact
Millar and Hall (2013)	Surveys Research Question (RQ): How are measurement tools understood and utilized by social enterprises and funders?	Sample of organizations funded through the Social Enterprise Investment Fund (SEIF), United Kingdom health and social care services ( $n = 172$ )	SROI application was found to have the following benefits: demonstrated organizational effectiveness, enhanced funder decision-making, competitive advantage, internal improvements, and stronger relationships with stakeholders involved in the process However, most funders preferred traditional performance indicators over information produced by SROI as the data were typically unclear and inconsistently produced Overall, even though SROI is the most recognized method for conducting impact assessment, its benefits are overshadowed by the complexities involved in applying the process and interpreting the data If impact assessment methods such as SROI are to become widely successful in increasing the impact of social service organizations, then considerable effort must be put towards strengthening the practice and application Arguably, there is too strong a focus on the monetization of "social value" at the unfortunate expense of assisting these organizations to attain efficiency/effectiveness

Table 1 continued

Authors	Method	Sample	Contributions to NFP performance measurement conversation
Moxham (2009)	<p>Multiple case study</p> <p>RQs:</p> <p>Why measure NFP performance?</p> <p>How are PM criteria developed for NFPs?</p> <p>How is performance of NFPs evaluated?</p>	<p>6 NFPs + respective funders and regulators</p> <p>24 managers across 18 organizations</p> <p>Local, national, and international representation</p>	<p>Lessons learned about performance measurement system design in other sectors (i.e., public/private) are applicable to the NFP context</p> <p>Why measure performance: financial reporting, evidence of achievements, process control, continuous improvement</p> <p>NFP performance criteria largely developed by external stakeholders (government, funders, regulators), but also from NFP organizations</p> <p>NFP performance measurement should be relevant—financial information is useful in this context; balanced—an appropriate use of scarce resources, right size system for organization; integrated—not made in isolation from other organizations/industry/regulatory environment; strategic—long-term focus; and improvement-oriented—aid in learning and evaluation to allow for improvements</p> <p>Performance is evaluated through audits, self-assessments, and informal mechanisms</p>
Nicholls (2009)	<p>Theoretical analysis of social impact reporting mechanisms in social enterprises (positivist, critical theorist, interpretive)</p> <p>Multiple case study</p>	<p>United Kingdom: CafeDirect (audited financial statements), Wise Group (SROI), Develop Your Child (CIC34); Furniture Resource Centre Group (enhanced social audit), Hackney Community Transport (trustee's report)</p>	<p>Performance reporting practices are undoubtedly important to the improved internal effectiveness and external legitimization and accountability of organizations from all sectors</p> <p>In the special case of social enterprise, reporting practices allow them to communicate about and bring attention to the unique environment and benefits (social value) creating more momentum for the cause (engagement, resources, effectiveness, etc.)</p> <p>Strategic functions of reporting performance data: enhancement, attraction of resources, legitimization</p> <p>Economic value and social value are not mutually exclusive; both can be created simultaneously</p>
Paton (2003)	<p>Performance measurement literature review</p> <p>Interview questions: Why did you choose a particular measurement method? Tool? Standard?</p> <p>Multiple case study</p>	<p>Employees of Social Enterprises in England and America</p>	<p>The “dashboard” measurement method is most appropriate for social enterprise as it is multi-dimensional</p> <p>Performance measurement for social enterprises has many advantages, but the development of widely applicable, consistent, and accessible systems must overcome numerous complexities</p> <p>The ability to measure for social impact is becoming increasingly important in United States and United Kingdom policies mostly due to its suggested capabilities of highlighting which social programs work</p> <p>The SROI method has several limitations which require attention: incompatibility even among intra-related programs unless project life, discount rates, and inflation are held constant; negative effects or collaborative impact is often underestimated (leads to over inflation of results)</p>
Ryan and Lyne (2008)			

Table 1 continued

Authors	Method	Sample	Contributions to NFP performance measurement conversation
Somers (2005)	Pilot test of an adapted Balanced Scorecard specific to social enterprises	12 UK social enterprises	Balanced Scorecard is capable of being adapted usefully to the social enterprise context Benefits of the Balanced Scorecard approach to performance measurement include increased understanding of business aspects, common performance language among organizations and industry, and the ability to report social value
Speckbacher (2003)	Analyzes three views of the firm/environment relationship and their applicability to nonprofits (technological view, traditional property (ownership) rights, stakeholder view)		Performance measurement tools from the private sector may be transferable to the NFP context; assumptions and purposes of any given method should be questioned for relevance before applying to nonprofit context Performance measurement practices within NFPs should elicit information from all stakeholders in order that management can readily identify areas of conflict Financial metrics alone are not sufficient The Balanced Scorecard approach can work if it integrates important stakeholders into the process

*simultaneously—a journey that regulates agency with the broader collective.* Of particular interest to this study are the embedded *practices* within spirituality. *Practices* offer guidelines or rules of thumb that devotees can use to understand, explain, and achieve desired behavioral outcomes and states of being. Examples of spiritual *practices* include Buddhism's Noble Truths, Islam's Sunnah, Hinduism's dharma and karma, and Christianity's Ten Commandments. We investigate whether spiritual *practices* could benefit and/or enhance existing NFP-PM theory (Alexander 2010; Sørensen et al. 2012).

Overall, we observe three recurring and relevant outcomes/benefits associated with utilizing spiritual practices to enhance NFP-PM, namely awareness, connectedness, and higher meaning. *Awareness* is described in several spiritual traditions, according to the Perennial Philosophy, as the "Absolute Principle of all existence," which is to find out who you really are (Huxley 1944, p. 8). Buddhism calls this "consciousness," while Hinduism terms this "know thyself." During the journey of awareness, an individual develops an understanding about her/his self within the world and within their community (Steingard 2005, p. 230). *Connectedness*, or participating as a member of a community of communities, calls for an engagement with self and the universe (Mitroff and Denton 1999b). Ashmos and Duchon (2000, p. 134) suggest that connectiveness is established when one forms a sense of community. Karakas (2010a) defines this as a way of achieving interconnectedness and community at work. *Higher meaning* is the third benefit of utilizing spiritual practices (Ashmos and Duchon 2000, p. 134; Fernandos and Jackson, 2006, p. 24; Mackey and Sisodia 2014). Alexander (2010) and Dent et al. (2005) contend that higher meaning is derived from connecting people with something more than a dedication to self. For Karakas (2010a), higher organizational meaning occurs when individuals are provided a sense of purpose, reason, and rationale for doing something.

### Evidence of Scholarly Inquiry Informed by Spiritual Concepts

A body of literature has established the ways in which spiritual practices can be used to inform management scholarship. For example, several independent studies have highlighted that spiritual practices such as mindfulness and meditation can be of benefit in the workplace (Ashmos and Duchon 2000; Dent et al. 2005; Giacalone and Jurkiewicz 2003; Karakas, 2010b; Mitroff and Denton 1999a, b; Steingard 2005). Alternatively, evidence suggests that embracing spirituality, within organizational practice, may lead to better decision-making, enhanced creativity, reduced absenteeism, and greater emotional control (Rego



and e Cunha 2008; Petchsawang and Duchon 2012; Weaver and Agle 2002). Several large organizations such as Google, General Mills, and Target are adopting spiritual practices to reap some of these described benefits. However, Purser and Milillo (2015) suggest that scholarly inquiry, informed by spiritual concepts, has only scratched the surface of deeper meaning—much more is required.

Increasingly, spiritual practices are touted as an ideal way to extend our understandings of organizations in society (Tracey 2012; Tracey et al. 2014). Gümüşay (2014) studied the Islamic banking system, concluding that Sunnah's social and moral principles, that prohibit making heavy profits from interest, insulated certain institutions from the 2008 financial crisis. Alternatively, Dyck (2014) offers managerial benefits associated with using embedded principles from spiritual scriptures. For example, *The Parable of Talents* (Matthew 25:14–30; cf. Luke 19:11–27) is one of the more frequently cited Biblical passages in management literature. This particular parable is used to support the principle that organizations should maximize shareholder wealth above any other goal, while recognizing that wealth can be more than simply financial gain (Dyck et al. 2009)—a Master departing for travels gives three different servants three different amounts of his fortunes (in the form of 'talent'), based on their abilities, and says he will return in the future to collect his property. Upon returning he discovers that only two of the men have managed to use the 'talents' to create more 'talent,' while the third has hidden his for the entire time and has not produced any more fortune. The third servant is punished for being lazy and unworthy of wealth.

Spiritual principles are also being used across an array of academic disciplines to inform research design and alternative practices. Work in psychology demonstrates how viewing traditional psychotherapy practices through a Buddhist lens can offer alternative approaches, such as using meditation to remember past trauma, confront it in the present, and heal in the future (Daya 2000). A stream of literature is focusing on how spiritual practices can provide alternative ontological and epistemological underpinnings for management research. The Maoris of New Zealand believe that philosophical debates should encompass spiritual practices as well as intellectual and political dimensions (Henry and Pene 2001). In a similar way, Indian parables have been used as an epistemology to study education (Pio 2007).

Organizational theorists have progressed the conversation of spiritual informed methodologies and theory building. Miller (2014) develops methods for practical theology, and Sørensen et al. (2012) describe three ways in which management researchers can apply spiritual practices to organization studies: (a) consider known organization concepts as historical theological concepts, (b) import theological concepts unchanged into

organization studies, and (c) bring back forgotten theological concepts by using them to explain current organizational problems. We agree with Sørensen et al. (2012) that utilizing theological foundations can enhance organizational studies. As such we borrow a specific spiritual practice, that of Buddhism, to enhance NFP-PM.

### **Buddhist Spiritual Practices Informing NFP-PM**

Even though the coupling of spiritual practices and organizational science is well documented (Ashmos and Duchon 2000; Dent et al. 2005; Dyck 2014; Giacalone and Jurkiewicz 2003; Karakas 2010b; Mitroff and Denton 1999a, b; Poole 2009; Steingard 2005), little has been done in the way of pairing spiritual practices with NFP-PM. Therefore, we proceed by describing five Buddhist spiritual practices through a "humanist business" lens whereby NFPs are viewed as a "community of persons" (Melé 2012). The major assumption with this perspective is that individuals within NFPs aim to achieve awareness, connectedness, and higher meaning. This assumption is in stark contrast to the 'economism-based business ethos', which assumes that businesses are 'nexuses of contracts' and that people within businesses are self-interested, rational beings who will do what they can to maximize their own utility via these contracts (Melé 2012).

Through a phenomenological case study with Buddhist Masters, Marques (2010) delineates five spiritual practices, formulated on the teachings of Buddhism—a pro-scientific philosophy, greater personal responsibility, healthy detachment, collaboration, and embracing a wholesome view. These Buddhist practices have serious implications for the modernity of NFP-PM. The first principle of Buddhism is a *pro-scientific philosophy* of measurement, testing, and explanation. Taking a pro-scientific approach requires a critical evaluation of self and of previous scientific findings. In terms of NFP-PM, this Buddhist practice suggests that the starting point of PM evolution is a judicious but critical appraisal of best available research evidence on NFP-PM. The second spiritual practice of Buddhism, discussed by Marques, is *greater personal responsibility*. A vast majority of NFPs are centered on social value creation, in order to restore levels of equality within society, or alternatively termed, and are the karma of human activity within society. NFP-PM is a natural extension of this practice with the desire to facilitate and create an "understanding of the fundamental principles of impermanence, interdependence, and causality" by securing scarce resources, connecting disparate groups, and holding institutional powers to account for societal dysfunctions, which Buddhism terms karma (Marques 2010, p. 217). Greater personal responsibility, in the context of a NFP, is about creating PM that promotes accountability for

organizational actions and allows constituents to reflect on past doings. The third Buddhist practice is *healthy detachment*, which promotes a perspective that is more about “we” and less about “me.” Healthy detachment is a receptive and conscious state of “mindfulness” or monitoring. Marques calls this “an acceptance to change.” We argue that NFP-PM should be made available to, and include, the voices and needs of multiple important stakeholder groups, not be dominated by external funders or managerial priorities, in a way that is accessible to stakeholders, appropriate for small-scale applications, and compatible with creativity (Schumacher 1993, p. 18). The fourth spiritual practice is *higher collaboration*. Marques (2010) and Metcalf and Hatley (2001) describe higher collaboration by saying that it is in the best interest of the organization if people share their wisdom. This requires high levels of trust—“where individuals feel they can take on hard jobs, be honest, admit to mistakes, and ask for help” (Marques, 2010, p. 218). Working together also requires individuals to see the bigger picture of the organization as well as the underlying organizational values. This calls for overall systems thinking rather than simple task-focused approaches. In the case of NFP-PM, higher collaboration is intended to engage multiple layers of the organization in productive discussion concerning the past, present, and future of performance objectives. The fifth spiritual principle is a *wholesome view*. Foundationally, this component of Buddhist practice advocates processes focused on bettering humanity. To be an active participant in the community of communities, Marques (2010) suggests that individuals and organizations take a wholesome view to see and appreciate the interrelatedness of the bigger picture. It is a practice of seeking to cause no harm and it is well aligned with the social value creation priorities of NFPs that bring services to the most disadvantaged and underserved in societies. PM adds another layer to NFPs potential to connect and promote a range of fundamental activities across stakeholder groups in their quest to achieve what Nhat Hanh (1998) terms “Right Livelihood.”

## Method

We argue that a research design built on Marques’ five spiritual practices of Buddhism, will contribute valuable insights to the conversation of NFP-PM by offering a higher meaning for the role of PM, a greater awareness of NFP-PM principles, improved NFP well-being, and deeper levels of reflectiveness among NFP constituents.

In Phase 1 of this research, a *pro-scientific philosophy* was utilized to critically evaluate previous scientific findings on NFP-PM, or as the Dalai Lama terms it, to understand ‘truth’ that is supported by science (Dalai Lama,

1995). In terms of organizational science, a pro-scientific philosophy is closely related to the research domain of “evidence-based management,” namely a judicious investigation of the best available research on NFP performance measurement (Briner et al. 2009; Pfeffer and Sutton 2006, 2007). Table 1 and our subsequent analysis frame what science has shared on NFP-PM. Subsequently, academically rigorous field reports were also examined to establish a broader, more practitioner focused perspective. The field reports included “*The Little Blue Book*” *New Philanthropy Capital’s Guide to Analyzing Charities* (Copps 2010); *Social Enterprise, A Strategy for Success* (Department of Trade and Industry, 2002); *Making an Impact: Impact Measurement among Charities and Social Enterprises in the UK* (Pritchard et al. 2012); and a Bill and Melinda Gates Foundation Report: *Measuring and/or Estimating Social Value Creation* (Tuan 2008). Following the literature review, a content sampling method was utilized to identify PM measures within social enterprises (Hox 1997).

To be an active participant in the community of communities, Marques (2010) suggests that individuals and organizations use the Buddhist practice of a *wholesome view* to see and appreciate the interrelatedness of the bigger picture. In tandem with spirituality literature, the Balanced Scorecard (BSC) was used to connect and promote the core PM activities of NFPs (Kaplan and Norton 1996), while engaging stakeholders tied to the organization (Kaplan 2001). The BSC is regarded by scholars and practitioners as a tool to view multiple and complicated layers within varying types of NFPs (Bull 2007; Kaplan 2001; Meadows and Pike 2010; Somers 2005; Speckbacher 2003). We utilized the BSC to group NFP-PM themes and to integrate multiple layers of NFP organizations into the survey instrument (financial, stakeholder engagement, internal processes, and learning and growth).

The Buddhist spiritual practice of *greater personal responsibility* is founded on transparency, accountability, and open dialog within the community. Attention was given to collating specific, measurable, and actionable performance measures that could be used to create greater personal responsibility and allow constituents to reflect on past doings. If a specific performance measure aided in transparency, reflection, and/or contributed to community accountability, it was included in Phase 2 and 3 when we surveyed NFP executives about measurement that promotes personal responsibility within their NFP community. The PM performance measures are presented in Table 2.

In Phase 2 of this study, the Buddhist spiritual practices of *pro-scientific philosophy*, *healthy detachment*, and *collaboration* were used to gather deeper insights from the users of NFP-PM. The expertise, judgment, and self-examination of 63 ( $n = 63$ ) NFP practitioners were examined

**Table 2** Measures of NFP performance measurement

Performance measures	Best available academic research
<b>Financial management</b>	
The percentage change in revenues over the past 2 years	Lingane and Olsen (2004); Polonsky (2008)
The percentage change in expenses over the past 2 years	
The cost per client	Copps (2010); Hynes (2009); Somers (2005); Weerawardena et al. (2010)
The number of sources of income	Bagnoli and Megali (2009); Leahy and Villeneuve-Smith (2009); Weerawardena et al. (2010)
<b>Stakeholder engagement</b>	
Client satisfaction	Costa et al. (2011); Kaplan (2001)
The number of documented pieces of feedback from stakeholders (employees, donors, clients, etc.) in the past year. The number of documented ways the feedback has been utilized in the past year to enact change	Bull (2007); Copps 2010; Costa et al. (2011); Department of Trade and Industry (2002); Maas and Liket (2011); Meadows and Pike (2010)
Total volunteer hours contributed this year	Copps (2010); Hynes (2009); Leahy and Villeneuve-Smith (2009); Perrini (2006)
<b>Internal processes</b>	
Entrepreneurial orientation of the CEO:	
Number of opportunities that have been discovered in the past year	Dees (1998b); Department of Trade and Industry (2002); Hynes (2009); Gamble and Moroz (2014); Weerawardena et al. (2010)
Number of ways these opportunities were evaluated in the past year	
Number of plans to exploit these opportunities in the next year	
Number of accreditation standards adhered to	Bull (2007); Ebrahim and Rangan (2010); Lingane and Olsen (2004); Lyon and Sepulveda (2009); Ryan and Lyne (2008); Weerawardena et al. (2010)
The way in which core activities are articulated to internal stakeholders	Bull (2007); Copps (2010); Forbes (1998)
The way in which the mission is articulated to stakeholders	Bull (2007); Copps (2010); Kaplan (2001); Perrini (2006); Simons (1995); Somers (2005)
<b>Learning and growth</b>	
Employee competence	Bull (2007); Copps (2010); Department of Trade and Industry (2002); Leahy and Villeneuve-Smith (2009)
Risk mitigation:	
Number of sources of strategic information	Copps (2010); Dees and Anderson (2003); Diochon and Anderson (2009); Perrini (2006); Simons (1995); Weerawardena et al. (2010)
Number of documented ways strategic information has been applied within the past year	

in a three-part survey. The sample of NFP organizations has social missions focusing on family violence prevention, animal protection, public health, public education, arts development, tourism, recreation, youth, child, and family services, as well as legal services. The distribution of respondents included executives (45 %), board of directors (32 %), senior employees (23 %), and a small number of long-serving volunteers (8 %).

We deployed a survey instrument for NFP practitioners on Prince Edward Island, Canada. Over a six-month period, NFP organizations listed in the provincial telephone directory under the category “Not-for-profit” were contacted via telephone and invited to participate. The researchers requested to speak with the executive director at each

organization and subsequently provided them with the background on the study, the aim/focus of the study, as well as the associated benefits to their organization. The aim of this approach was to seek collaborative input from various NFPs, to determine what matters most to practitioners. Those organizations agreeing to participate were sent a formal invitation and a link to the online survey instrument. Two reminder emails were sent to encourage participation.

First, the survey respondents were requested to allocate 100 percentage points *across* each BSC item (financial, stakeholder engagement, internal processes, and learning and growth) (Kaplan and Norton 1996), to indicate their perceived importance of each item to the overall success of

their NFP. Second, respondents were asked to identify the importance of specific measures of NFP success, using the performance measures found in Table 2 (on a five-point Likert scale). Third, we closed the loop by requesting that survey respondents allocate 100 percentage points within *each* BSC item using the performance metrics summarized in Table 2 (e.g., within the Financial Management section of Table 2, respondents were asked to allocate 100 percentage points across the four measures). The three forms of questioning were used to triangulate the perceptions and values of NFP practitioners.

Phase 3 of this study emphasized the Buddhist spiritual practices of *pro-scientific philosophy*, *healthy detachment*, *collaboration*, and a *wholesome view*. Based on the results of the practitioner survey, a principle component analysis (PCA) was applied to the NFP-PM data collected from the NFP practitioners. The purpose of this phase was to extract NFP-PM practices, principles, and/or patterns developed from Buddhist spirituality that could be implemented by both practitioners and scholars at varying-sized NFPs to improve mindful monitoring, acceptance to change, and propensity towards creativity.

## Findings

Table 2 presents the categorization of performance measures, based on the best available NFP-PM research to date. We categorized and presented our practitioners respondents with the best available performance measures in a BSC format (Bull 2007; Kaplan 2001; Moxham 2009; Somers 2005). Measures were identified using a content sampling method (Hox 1997). Content sampling was applied to the main 17 NFP-PM academic articles, practitioner reports, and peripheral PM literature. Within each of the articles and reports, the authors identify the enablers, barriers, and criteria used in NFP-PM. These measures were subsequently used in the survey instrument for Phase 2 of the research design.

Our findings highlight that certain dimensions of PM, derived from academics and practitioners, were perceived as more salient and valuable. On an allocation ranking scale of 100, NFP practitioners placed very little emphasis on PM related to employee learning and growth. This was further supported when a within-category allocation ranking scale of 100 was used. NFP respondents deemed financial performance measures as more useful to overall performance. This is likely a result of capital constraints faced by NFP executives and the subsequent necessity to maximize services for beneficiaries. Internal processes were of high importance, as well as stakeholder engagement. Tables 3 and 4 below present the descriptive statistics of the survey responses ( $n = 63$ ). Table 3 gives the

arithmetic mean of the 100-point allocation for the perceived importance of holistic view of NFP-PM. Table 4 presents the most valued within-category performance measures, based on a similar 100-point allocation approach.

Last, we find three NFP-PM *principles* (Fig. 1) that were constructed from Marques' (2010) spiritual practices of Buddhism—a pro-scientific philosophy, greater personal responsibility, healthy detachment, collaboration, and a wholesome view. Principle 1 is *social connectedness*, which is described as the effectiveness of and mechanisms used, by NFPs, to communicate their core social value creation to varying constituents. Rather than communicating a “social impact” number (Dees et al. 2008; Ebrahim and Rangan 2010; 2014; Tuan 2008), we find that Principle 1 is more about developing a deep bond, or connection, with constituents via a cogent social message. Principle 2 is *entrepreneurial awareness*. Risk-taking and innovation are at the heart of NFPs (Diochon and Anderson 2009; Gamble and Moroz 2014). We find that Principle 2 rests on a mindfulness of the NFP landscape, the mindset to discover opportunities that could promote social value creation, and the propensity to exploit opportunities. A starting point for Principle 2 is getting employees to be aware of and discuss new ideas—or as Metcalf and Hatley (2001, p. 21) suggest “If you have good ideas, share them at work, do not keep them to yourself.” Principle 3 is *financial meaning*. Principle 3 describes how NFP employees advance the financial meaning of the NFP in conjunction with Principle 1 (social connectedness) and Principle 2 (entrepreneurial awareness). As an entry point to Principle 3, we find that NFP respondents want to reflect on, and explain what was done to change revenue on a year-by-year basis. Simultaneously, our findings suggest that NFP executives value financial sense making, with respect to new sources of revenue. Returning to the earlier example of Habitat for Humanity, there are documented efforts to generate new lines of revenue (and reduce costs), namely, revolving loans, the ReStore, sweat equity of the builds, and donations of land. The financial meaning attached to these revenue-focused activities has a deep and clear social connectedness to reducing homelessness.

We conducted a Principal Components Analysis (PCA) on our data to better understand the latent variables of NFP-PM and to define overarching NFP-PM *principles*. The performance measures derived from the practitioner survey (Table 4) were utilized in the PCA. The component patterns were identified using the VARIMAX orthogonal rotation method (Hair et al., 2010). The Bartlett's Test of Sphericity was used to assess the probability that the correlation matrix had some significant correlations. The Kaiser–Meyer–Olkin (KMO) method was used to determine sampling adequacy through variable inter-correlation.

**Table 3** Perceived importance of BSC item to overall NFP performance

BSC item	Description	Point allocation (Average $n = 63$ )
Financial	How the organization should appear to all stakeholders, financially, to be successful	28.89
Stakeholder engagement	How well the organization is managing its stakeholder relationships	24.33
Internal processes	The processes of product/service delivery, which are important to meet strategic objectives	28.78
Learning and growth	The ability of the organization to stay abreast of environmental risks and technological change	18

**Table 4** The most valued NFP performance measurement variables

BSC item	Most valued metrics
Financial	The percentage change in revenue growth over the last 2 years The number of sources of revenue
Stakeholder engagement	The number of ways in which feedback has been used to effect change
Internal processes	The number of new opportunities discovered in the past year The number of ways that these new opportunities have been evaluated in the past year The way in which core activities are articulated to internal stakeholders The way in which the mission is articulated to stakeholders
Learning and growth	n/a

The results related to the Bartlett's Test of Sphericity (Chi square 52.318;  $p < 0.0001$ ) and to the KMO statistic (0.55) are mediocre. It is important to recognize that the KMO measure increases as the sample size increases (Hair et al. 2010). The significance of the PCA was assessed by the percentage of variance explained by the PCA solution. The three-component solution accounts for 78.2 % of the variance. The Cronbach's alpha coefficient was utilized to measure the internal consistency of the scale items through split-half reliability correlations—0.5 or higher are deemed acceptable (Cortina 1993). The results relating the Cronbach's alpha (0.71, 0.58, 0.73, respectively) were satisfactory (Hair et al. 2010). Figure 1 displays the PCA results on the latent components, or *principles*, of NFP-PM.

## Discussion

NFPs face enormous pressures to provide social welfare in an efficient and ethical way, while simultaneously managing varying donor/stakeholder constituents. Given the demands and resource constraints placed on NFPs, PM is ideally positioned to aid practitioners in balancing these tensions. Yet, NFP-PM has fallen short and is need of enhancement. Viewing Table 1 independently, it is evident that the NFP-PM conversation is suffering from contradictions and lack of structure (Lecy et al. 2012; Moxham 2009; Nicholls 2009). This paper contributes to the NFP-PM conversation in three ways. First, we respond to the call for more spiritually informed NFP-PM (Alexander

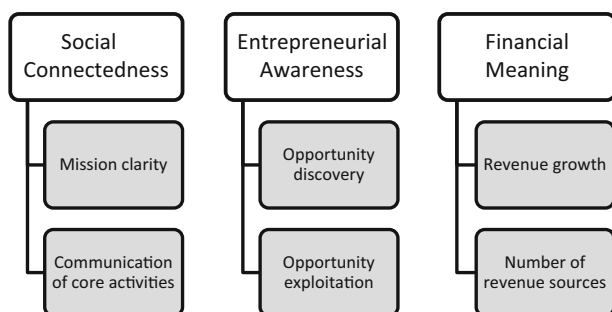
2010). Second, we develop our research methodology premised on spiritual discourse (Sørensen et al. 2012). And third, we offer three NFP-PM *principles*—that can inform and influence action within the domain.

This paper provides an example of how spiritual practices can inform the research design of future scholarship. Applying spiritual theories to the development of NFP-PM, we have directly addressed a major weakness identified in the NFP-PM literature—an over emphasis on profit-oriented philosophies and assumptions (Alexander 2010). Our methodological approach is supported by Weber's (1958/1903) organizational theory perspective. In *The Spirit of Capitalism and the Protestant Ethic*, Weber suggests that traditional management theories will forever keep society enslaved in an "Iron Cage" if the foundational assumptions of individualistic, bureaucratic, and materialistic attainments continue. These assumptions ignore the religious and ethical dimensions of organizations and ultimately inhibit society, scholars, and practitioners from experiencing the full potential and meaning of organizations. Weber goes on to suggest that using new prophets' ideas to extend management theories will assist in overcoming such a state (Weber 1958/1903, p. 182; see also Dyck 2014, pp. 26–27). In parallel with Alexander and Weber, we used five spiritual practices of Buddhism, in an integrative and iterative way, to develop three NFP-PM principles.

Our research revisits the need for scholars' willingness to question the ontological and epistemological foundations of management inquiry. If scholars and practitioners desire to build societies where businesses play more than a

financial role, new theories of management are needed (Hollensbe et al. 2014). Simply put, the traditional “economism-based business ethos” may not suffice (Melé 2012). Adopting spiritual traditions to inform research designs and to craft research questions (Mitroff, in Dean 2004) may enhance our capacity to address these modern business challenges. After all, we as social scientists have many ontological and epistemological choices when it comes to generating new knowledge. If Plato and Aristotle thought to incorporate spiritual dimensions into their research, maybe we should too.

What emerged from our inquiry, informed by Marques’ (2010) five spiritual practices of Buddhism, was a model (Fig. 1) comprised three NFP-PM principles. The three PM principles presented are unique, in that they can be applied to a broad range of NFP environments. NFP-PM principles should *connect* people with the processes of the organization, *promote* practices or behaviors that are in line with organization objectives, and *engage* both external and internal constituents (Alexander 2010, p. 300; Costa et al. 2011; Daniels et al. 2000; Liket and Maas 2013). We identified three NFP-PM principles that contribute to this conversation, namely social connectedness, entrepreneurial awareness, and financial meaning. We describe the principle of *social connectedness* as the way in which a NFP, along with constituents, reevaluates, communicates, and clarifies the specific social value created. We infer that the principle of *entrepreneurial awareness* rests on NFP’s ability to understand and engage with the complex, multi-layered NFP environment by recognizing, evaluating, and exploiting new opportunities to provide additional social value. We understand the principle of *financial meaning* to be the acumen of performance sense making, revenue generation, and donor engagement, given NFP constraints, to deliver activities for recipients. Building on these three NFP-PM principles, organizations and managers could engage constituents to develop appropriate metrics that specifically relate to their NFP. Therefore, the practical application is shared PM principles with relevant and related metrics.



**Fig. 1** NFP-PM principles

There are, however, some paradoxes and ambiguities that should be discussed with respect to the three NFP-PM principles identified. Given the profit-oriented philosophies that many NFPs use to chart their organizational pathways, we wonder if a focus on three core principles may expose new problems in NFPs. The potentially uncomfortable uncertainty associated with a spiritual perspective towards PM may be outside the scope of acceptable risk tolerance at some NFPs. Given the unknown impacts that a spiritually informed NFP-PM approach could have on overall NFP performance, we offer these findings as potentially beneficial with a cautionary addendum attached.

In terms of human capital and talent acquisition we also identify another potential gray area. Not everyone wants to talk about spirituality in an organizational setting, nor do all employees have an interest in principle-based thinking. Take for example the hotly debated conversation on rules-based versus principle-based international accounting standards. The logic of principles-based international financial reporting standards is sound but the implementation has been less than smooth. Similarly, a principle-based approach towards NFP-PM may have significant financial and talent acquisition implications if poorly implemented. Implementation processes, while vitally important, are far beyond the scope of this paper. Future research should explore how our three principles are implemented and used with NFPs to drive performance. Finally, the perceived external legitimacy of a principle-based approach is unclear. Some constituents may observe this approach as too vague and open to interpretation, requiring more professional judgment. In theory, we would argue that the use of professional judgment leads to net benefits within NFP organizations; however, in practice it could simultaneously open up a Pandora’s box of additional problems and criticisms, such as those associated to the Social Return on Investment methodology.

Another thorny issue is that some scholars may argue that spirituality cannot and should not be blended with business issues (i.e., NFP-PM) because they are too disparate of subjects to blend together in a meaningful way. However, this claim is naïve in the sense that both spirituality and organizations do overlap by playing an important role in society as well as individuals lives (Tracey et al. 2014). We do not presume that all businesses are religious or that they should be. We suggest that spiritual traditions as well as the business environment are important components of modern societies and warrant simultaneous interdependent study. Both of these not-so-independent spheres of society are interested in values, codes of conduct, and engaging people in influential ways. They both imbue a type of gravity on participants through a variety of signals, messaging, and direct connections. Arguably, there is much to be learned by studying the intersection.

Another potential dilemma is the possibility that we as researchers may be accused of committing a disservice to the spiritual traditions by including them in management studies, by either failing to capture their true essence or applying them out of moral context (Gotsis and Kortezi 2008; Purser and Milillo 2015). Perhaps, it is true that not all business contexts can be conceived of as moral or even ethical, but we argue that at the core of spirituality is an offer for anyone (and any organization) who so chooses, to embark on a spiritual path; in the words of the Buddha, “there is a way out of suffering.” Spiritual traditions motion for people to find meaning. NFP-PM is also about assigning and describing meaning. Hollensbe et al. (2014) suggest that using various sources of spiritual wisdom in an organizational context can help to organize, act, interact, and develop in a new ways.

An unexpected finding was the relatively low levels of importance and value that our sample of NFP practitioners placed on internal learning and growth within the BSC. This presents a dilemma because it suggests that the awareness and connectedness to the human capital and information transfer within NFP may not be totally appreciated. The challenge is to understand why fostering talent and managing strategic information takes a back seat to other BSC items, given the foreseeable impact it has on NFP service delivery, turnover, succession planning, and risk management. One explanation could be that the principle of *entrepreneurial awareness* captures the human development and information elements of recognizing, evaluating, and exploiting new opportunities. Another potential explanation for the unexpected responses to the learning and growth section of the BSC may be attributed to time and financial constraints. This concern has a much broader appeal because it speaks to a fundamental problem in the NFP sector. The vicious cycle of time and financial constraints that NFPs work with is discouraging because it directly impacts recipients. With little time to plan and less money to hire top-notch employees, NFPs are caught in a vortex of defense. At the minimum, the proposed guiding principles can assist NFP managers to pay attention to, and converse with donors about, areas of critical important to success, without getting bogged down in cumbersome measurement processes.

## Conclusion

NFPs play a vital role in creating social value within our economies by using resources in creative and innovative ways to deliver products and services to disadvantaged and marginalized groups. NFPs are building homes in impoverished areas, assisting in the development of healthy communities, combatting health crisis, addressing

environmental degradation, and fighting for equal human rights. Ultimately, the goal of PM is to guide peoples' actions and behaviors to be in line with organizational aims (Franco-Santos et al. 2012). Rather than propose another framework for NFP-PM, we have provided three NFP principles, based on Buddhist practices, which contribute to individual/organizational awareness, connectedness, and higher meaning.

Our approach offers scholars one way to directly build upon Weber's suggestions for breaking free of the “Iron Cage” of conventional management theories, by focusing on two key assumptions. First, that “human wholeness” and well-being should be respected and nurtured (Melé 2012) within organizational research. Second, spiritual philosophies can inform research design and explain the links between phenomena, enabling alternative meanings, roles, and functions to emerge. The plurality of spiritual traditions represented around the world should therefore be seen as a vast opportunity to inform the study of varying management concepts and relationships (Hicks 2003), perhaps enabling a “liberation” of the management discipline from the “mundane” world of ruthless profit maximization and self-interested behaviors (Dyck 2014).

Our approach offers practitioners the opportunity to “reframe the mindset” (Marques 2010) within their NFP by focusing on PM principles. These principles may also contribute to higher levels of ownership and engagement, by making visible the underlying values of their NFP. Furthermore, the simplicity of these NFP-PM principles may encourage more stakeholders to share their wisdom. At a minimum, the three principles we offer open up the possibility for employees to see the interdependence of their actions—which should contribute to higher levels of workplace happiness and a reduction of knee-jerk reactions to donor demands.

Future research may take a similar approach to that of this paper but instead of a survey instrument, utilize a multiple case-study approach, to explore the deep nuances of NFP-PM. Demonstrating how NFP-PM can generate social value, legitimacy, and stakeholder engagement (Kaplan 2001; Millar and Hall 2013; Nicholls 2009; Somers 2005) are some fascinating avenues for a multiple case-study approach. While this paper does contribute to the conceptual and empirical understandings of NFP-PM, it does not provide any answers as to *how* these mechanisms can be applied to achieve the best results. We propose that future studies examine exemplar NFPs, utilizing the lens of spirituality, with a close eye on how PM systems contribute to performance.

**Acknowledgments** The authors wish to thank Nancy A. Johnson for her editorial assistance on this paper.

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