



Indiana Nonprofits: Managing Human Resources – Board, Staff and Volunteers

KIRSTEN A. GRØNBJERG AND ANNA DOERING

October 2022

INDIANA NONPROFIT SURVEY: ROUND III

ACTIVITIES Series #2
Report 5

INDIANA NONPROFITS PROJECT:
SCOPE & COMMUNITY DIMENSIONS

A JOINT PRODUCT OF
The Lilly Family School of Philanthropy
AND
The O'Neill School of Public and Environmental Affairs
Indiana University Bloomington



ACKNOWLEDGEMENTS

We express our deep-felt gratitude to the many Indiana nonprofits that completed our survey. Without their cooperation, we would have nothing to report. We also thank members of the project advisory board (listed at the beginning of the report) for their assistance with the survey and for their valuable feedback and suggestions on the analysis.

This report was prepared as part of an ongoing project on the **Indiana Nonprofit Sector: Scope and Community Dimensions** made possible by support for the Efroymsen Chair in Philanthropy by the Indianapolis Foundation at the Central Indiana Community Foundation and by the Lilly Family School of Philanthropy's Indiana Research Fund, support in part by the Lilly Endowment Inc. Additional funding and in-kind support has been provided by the O'Neill School of Public and Environmental Affairs at Indiana University Bloomington.

The survey instrument is based closely on two previous rounds of surveys on Indiana nonprofits completed as part of the overall project. We are grateful to Rachel Brack, Angela Gallagher, Maxine Laszlo, Rachel Miller, Tessa Skidmore, Annie Thompson, and Lauren Shaman for their initial work to revise and pretest the instrument. We are also grateful for the valuable feedback on the instrument from nonprofits who completed the pretests and faculty members at the O'Neill School of Public and Environmental Affairs: Matt Baggetta, Brad Fulton, Al Lyons, and Beth Gazley. We acknowledge the work of the many research assistants who have worked on the survey: Tyler Abbott, Emily Anderson, Elizabeth Barnhart, Noah Betman, Eric Brown, Matt Cesnik, Haley Clements, Anthony Colombo, Lauren Dula, Sarah Dyer, Payton Goodman, Molly Gravier, Sari Jackson, Sher Khashimov, Corinne Lucas, Hannah Martin, Kellie McGiverin-Bohan, Elizabeth McAvoy, Cara Murray, Kelsey Stack, Katherine Stewart, Meghan Taylor, and Jasper Wirtshafter in carrying out a variety of tasks related to preparing for and following up on the survey.

We are particularly grateful to Ashley Clark, Director of the Center for Survey Research at Indiana University for her help with developing the sample for the survey, and to members of her staff. Reyasini Calistes and Kevin Tharp, for managing the survey process itself. Their support and efforts strengthened this work enormously and we are grateful to them all. Of course, any remaining problems remain our responsibility entirely.

SUGGESTED CITATIONS

Indiana Nonprofits: Managing Human Resources – Board, Staff, and Volunteers, Indiana Nonprofit Survey Series III, Activities Series #2, Report 5, by Kirsten A. Grønbjerg and Anna Doering (Bloomington, IN: Indiana University O'Neill School of Public and Environmental Affairs, October 2022). Copies of this report are available on the Indiana Nonprofit Sector here: <https://nonprofit.indiana.edu> DOI: 10.13140/RG.2.2.33841.66401

**Indiana
Nonprofits:
Managing Human
Resources
Board, Staff,
and Volunteers**

KIRSTEN A. GRØNBJERG
ANNA DOERING

October 2022

**INDIANA NONPROFIT SURVEY:
ROUND III**

**ACTIVITIES Series #2
Report 5**

**INDIANA NONPROFITS
PROJECT:
SCOPE & COMMUNITY
DIMENSIONS**

A JOINT PRODUCT OF

**Lilly Family School of
Philanthropy**

AND

**The Paul H. O’Neill School of
Public and Environmental Affairs
Indiana University Bloomington**

TABLE OF CONTENTS

ACKNOWLEDGEMENTS.....	1
ADVISORY BOARD.....	3
INTRODUCTION.....	4
EXECUTIVE SUMMARY.....	6
KEY FINDINGS.....	13
DETAILED FINDINGS.....	15
Paid Staff.....	15
Volunteers.....	36
Board of Directors.....	55
CONCLUSION.....	83
Appendix A: Survey Methodology.....	88
Appendix B: Staff – Significant Bivariate Relationships.....	90
Appendix C: Volunteers – Significant Bivariate Relationships.....	92
Appendix D: Board of Directors – Significant Bivariate Relationships.....	97
Appendix E: Multivariate Analyses.....	102
Appendix F: Overview of the Indiana Nonprofits Project.....	114

ADVISORY BOARD

Keira Amstutz

President & CEO, Indiana Humanities

Jerold Bonnet

Chief Legal Counsel, Office of the Indiana Secretary of State

Michael Budd

CEO, Indiana United Ways

Laurie Burns

Community Impact Officer, Central Indiana Community Foundation

Betsy Denardi

Director of Complex Litigation, Office of Indiana Attorney General

Angela Espada

Executive Director, Indiana Catholic Conference

Amy Haacker

Vice President of Community Foundations Programs, Indiana Philanthropy Alliance

Jane Henegar

Executive Director, American Civil Liberties Union of Indiana

Shannon M. Linker

Vice President, Arts Council of Indianapolis

Jessica Love

Executive Director, Prosperity Indiana

Marc McAleavey

Executive Director, Serve Indiana

Miah Michaelsen

Executive Director, Indiana Arts Commission

Thomas P. Miller

President & CEO, Thomas P. Miller and Associates

Ellen Quigley

Vice President of Programs, Richard M. Fairbanks Foundation

Fran Quigley

Clinical Professor of Law, IUPUI Health & Human Rights Clinic

Carol O. Rogers

Co-Director, Indiana Business Research Center

Patrick Rooney

Executive Associate Dean for Academic Programs, Lilly Family School of Philanthropy at Indiana University

Rev. Timothy Shapiro

President, Indianapolis Center for Congregations

Bill Stanczykiewicz

Director, The Fund Raising School, Lilly Family School of Philanthropy at Indiana University

Sara VanSlambrook

Chief Impact Officer, United Way of Central Indiana

Pamela Velo

Principal, Velo Philanthropic Advising

Julie L. Whitman

Executive Director, Commission on Improving the Status of Children in Indiana

INTRODUCTION

Indiana nonprofits undertake a wide range of activities to fulfill their missions, some of which may involve human resources management.

In this report, we look at the human resources present in Indiana nonprofits, which includes staff, volunteers, and board of directors. We examine each of these three components separately to assess the role each component plays within nonprofits. This includes an examination of management challenges impacting nonprofits across the state and the extent to which they have key organizational features in place to help address the challenges.

This report on **Indiana Nonprofits: Managing Human Resources** is based on a major survey of Indiana nonprofits conducted by the Indiana Nonprofits Project in 2017-18. This is the most recent (Round III) survey of Indiana nonprofits; two previous rounds were conducted in 2002 (Round I), and 2007 and 2010 (Round II).

Indiana Nonprofits Project

The **Indiana Nonprofits Project: Scope and Community Dimensions** began in June 2000 and has produced a substantial body of research since then. The project is designed to provide information about the nonprofit sector in Indiana: its composition and structure, and its contributions to Indiana, the challenges it faces, and how these features vary across Indiana communities. The goal of this collaborative research effort is to help community leaders develop effective and collaborative solutions to community needs and to inform public policy decisions.

The project is directed by [Kirsten Grønbjerg](#), Efroymsen Chair in Philanthropy (2001-2020) at the [Lilly Family School of Philanthropy](#) (LFSOP) and Professor, [O'Neill School of Public and Environmental Affairs](#), Indiana University Bloomington. Under the guidance of the Project's distinguished [Advisory Board](#)¹, the Project has produced a variety of materials to inform policymakers, nonprofit administrators and boards, and Indiana residents, including:

- [Surveyed](#) Indiana nonprofits to learn how they operate, how they contribute to the state's economy and its quality of life, and how they face and overcome challenges.
- [Examined](#) trends in paid nonprofit employment in Indiana including the size, composition and distribution of employees.
- [Analyzed](#) how local government officials view important nonprofit-related policy issues. Our findings demonstrated changes in whether local leaders trust nonprofits to operate effectively, and they revealed shortcomings in the use of the state's 2-1-1 system.
- [Described](#) the impact, scope, and composition of nonprofits and the nonprofit sector in specific Indiana communities and regions as well as across the state.

For a full description of the Project and access to all Project reports, please visit <https://nonprofit.indiana.edu>. A summary of project components is included in Appendix G.

¹ See <https://nonprofit.indiana.edu/about/advisory-board.html>

Indiana Nonprofits Survey – Round III

The Indiana Nonprofits Project surveyed 1,036 nonprofits in Indiana from April 2017 to February 2018, reflecting an overall response rate of approximately 24 percent. Of these, 397 nonprofits were part of a “panel” of nonprofits that responded to our 2002 Round I survey and 639 came from a new randomly selected “primary” sample developed specifically for this survey (see Appendix A for a description of the sampling strategies).

For the “primary” sample, respondents were randomly selected from three major nonprofit listings: nonprofits (1) registered with the IRS as tax exempt entities with Indiana reporting addresses, (2) incorporated with the Indiana Secretary of State as non-for-profit corporations, or (3) listed in the yellow pages as churches, temples, synagogues, mosques, or similar religious entities. The original “panel” sample was created under a similar, but more extensive protocol.

Respondents to the 2017 survey represent almost the full scope of Indiana nonprofits. They include traditional public charities, such as homeless shelters, museums, or cancer groups. But they include also other types of tax-exempt entities registered under all other section 501(c) of the IRS tax code, such as private foundations, fraternal organizations, social clubs, business groups and advocacy organizations. And they include organizations not registered at all with the IRS, whether because they are churches, exempt from registration, or for other reasons are not found on the IRS listing. However, we excluded colleges, hospitals, bank-managed trusts, and public school building corporations because the survey instrument was not well-suited to these types of entities, and they had also had very low response rates to the 2002 survey.

Our survey asked about a variety of topics: programs and services, organizational structure and program evaluation, human resources, marketing and technology, financial information, advocacy and policy activities, and relationships with other organizations. There were also questions specific to membership associations and faith-based organizations.

Because of the richness of the survey data, we produced two series of reports: Series 1 examines particular types of nonprofits, such as arts and culture nonprofits, faith-based organizations, and membership associations. Series 2, including this report, examines the activities and experiences of Indiana nonprofits on such topics as information technology, program evaluation, advocacy and political activities, and a range of other topics.

Readers are invited to explore the survey data in more detail, using our interactive data tool available here: <https://go.iu.edu/2bfi>.

EXECUTIVE SUMMARY

This report on *Indiana Nonprofits: Managing Human Resources* is designed to answer several important questions about how Indiana nonprofits manage their human resources, focusing specifically on questions regarding nonprofit staff, volunteers, and board of directors. We begin with an examination of staff since the presence and size of paid staff is a key organizational feature that drives many other forms of organizational development. We then take a closer look at volunteers and board of directors. For each dimension, we explore the presence of various organizational resources (e.g., job descriptions, orientation, personnel policies) and the extent to which Indiana nonprofits encounter challenges managing their staff, volunteers, and board of directors.

We use bivariate and multivariate analysis techniques to examine how a set of basic organizational characteristics explain the dimensions above. Our detailed findings highlight only factors that appear significant in both bivariate and multivariate analyses. Detailed findings on factors that are significant in bivariate analysis but not significant in multivariate analysis can be found in Appendices B-D. Appendix E includes detailed findings from the multivariate analyses. The following summaries highlight findings present in the body of this report.

What role do paid staff play in Indiana nonprofits?

We asked respondents whether their organization has paid staff. Slightly more than half (56 percent) of Indiana nonprofits have either part-time and/or full-time paid staff members.²

To determine which factors are associated with the staff, volunteer, and board of director dimensions, we consider possible explanatory factors. We look at organizational capacity (age, size, formalization), external forces (funding profile), specialization (NTEE field of activity), and whether it is a recognized charity. For some of our analysis, we also consider, board selection mechanism and other capacity indicators (number of board members, board vacancies). The geographic location variable was insignificant in all multivariate analyses and, therefore, not included in the analyses below. We found the following factors to be significant ($p < .05$) in our multivariate analyses where we allow all factors to operate at once. Our analysis suggest that five factors help predict the presence of paid staff, controlling for all other factors:

Age. Older nonprofits are significantly more likely to have paid staff.

Formalization. More formalized nonprofits are significantly more likely to have paid staff.

Funding Profile. Compared to nonprofits in our “mixed funding” category (comparison group), nonprofits that rely primarily on government funding are more likely to have paid staff, and nonprofits that rely primarily on funding from special events are less likely to have paid staff.

Primary Purpose: NTEE Code. Nonprofits whose primary purpose is education are less likely than nonprofits in our comparison group (human services) to have paid staff. This survey sample explicitly excluded universities and colleges from the education field.

Public Charity. Nonprofits that are public charities are more likely to have paid staff than nonprofits not registered as public charities.

² The survey sample did not include hospitals or universities and colleges.

Staff — Executive Director

Those nonprofits that have paid staff were asked if they have a paid executive director. More than three-fourths (77 percent) of those with paid staff do, equivalent to 43 percent of Indiana nonprofits overall. Three factors appear to be significant, controlling for all other factors.

Formalization. More formalized nonprofits are more likely to have a paid executive director.

Primary Purpose: NTEE Code. Art and culture nonprofits and religion nonprofits are less likely to have a paid executive director relative to human service nonprofits (comparison group).

Public Charity. Registered public charities are more likely to have a paid executive director.

Staff — Number of FTEs

Our survey asked Indiana nonprofits to specify the number of paid employees currently working at their organization either part-time or full-time. To account for both part-time and full-time employees and get a better measure of total staff size, we computed the number of Full-Time Equivalent staff (FTEs) as the sum of full-time employees plus half the number of part-time staff. This assumes that part-time staff worked only about half the number of hours per week that full-time staff did, which many not be entirely accurate. The number of FTEs varied greatly from one part-time staff to more than 1,000 FTEs. Our analysis shows five factors are significant, controlling for all other factors.

Age. Older nonprofits are likely to have more FTEs.

Formalization. More formalized nonprofits are likely to have more FTEs.

Funding Profile. Compared to nonprofits with mixed sources of funding, nonprofits that rely primarily on government revenue are likely to have more FTEs. Nonprofits obtaining more than half of their revenue from special events are likely to have fewer FTEs.

Primary Purpose: NTEE Code. Health nonprofits are likely to have more FTEs when compared to human service nonprofits. Arts and culture, education, environment/animals, and public/societal benefit nonprofits are likely to have fewer FTEs compared to human service nonprofits. This survey sample explicitly excluded hospitals from the health field.

Public Charities. Registered public charities are likely to have more FTEs than non-charities.

Staff — Staff Resources

We asked Indiana nonprofits which of the following organizational resources they provide staff members: orientation process, written instruction manuals, position/job description, training/development opportunities beyond orientation (e.g., workshops, conferences), or written manuals. We computed a staff resources scale by counting the number of staff resource components responding nonprofits have in place, ranging from 0 to 5. Holding all other factors constant, three factors were significant in the analysis.

Size. Larger nonprofits (in terms of FTEs) are likely to have more staff resources.

Funding Profile. Indiana nonprofits that rely primarily on funding from fees and sales are likely to have less staff resources compared to nonprofits with mixed funding sources.

Primary Purpose: NTEE Code. Compared to human service nonprofits, arts and culture nonprofits and religion nonprofits are likely to have less staff resources.

Staff — Staff Challenges

We asked nonprofits how much of a challenges the following staff management activities currently pose for their organization: providing adequate compensation, recruiting and retaining qualified employees, and assessing and managing employee performance, ranging from 1 (not a challenge) to 4 (a major challenge). Controlling for all other factors, four factors are significant.

Size. Larger nonprofits are likely to face more staff-related challenges.

Funding Profile. Nonprofits that rely primarily on government revenue streams are likely to report higher management challenges compared to nonprofits with a mix of funding sources.

Primary Purpose: NTEE Code. Compared to human service nonprofits, arts and culture nonprofits and health nonprofits are likely to lower staff management challenges.

Board Vacancies. Nonprofits with more board vacancies are likely to have higher staff management challenges.

What role do volunteers play in Indiana nonprofits?

Volunteers are one of the defining characteristics of the nonprofits sector. Our survey asked Indiana nonprofits how many volunteers worked for their organization in the past year, excluding board members. Most nonprofits (88 percent) indicated using volunteers at some time throughout the year. The number of volunteers ranged from one to more than 40,000. Next, we asked nonprofits to indicate how important volunteers are to their organization. Overall, nearly half (44 percent) of nonprofits considered volunteers essentials and one-third (33 percent) said volunteers are very important. Two factors are significant in explaining the importance of volunteers, controlling for all other factors.

Size. Volunteers are less important to larger nonprofits.

Primary Purpose: NTEE Code. Compared to human service nonprofits (comparison group), volunteers are less important to health nonprofits.

Volunteers – Volunteer Resources

We asked Indiana nonprofits whether they provide any of the following five resources for their volunteers: volunteer position description, orientation process, written instruction manuals, training/development opportunities, and written personnel policies. As we did with the staff resources variable above, we computed a volunteer resources scale by counting the number of volunteer resource components nonprofits have in place. The scale ranges from 0 to 5 with a mean of 1.6 and a median of 1. Controlling for all other factors, three factors are significant.

Size. Larger nonprofits are likely to have more volunteer resources.

Primary Purpose: NTEE Code. Compared to human service nonprofits, arts and culture, education, health, and religion nonprofits are likely to have significantly fewer volunteer resources.

Public Charities. Registered public charities are likely to have more volunteer resources compared to non-charities.

Volunteers – Volunteer Coordinator

Our survey asked Indiana nonprofits if they have a volunteer coordinator. Nearly one-third (31 percent) of nonprofits do. Four factors are significant, holding all other factors constant.

Size. Larger nonprofits are less likely to have a volunteer coordinator.

Formalization. More formalized nonprofits are more likely to have a volunteer coordinator.

Funding Profile. Nonprofits primarily funded by donations are more likely to have a volunteer coordinator compared to those with a mix of funding sources.

Primary Purpose: NTEE Code. Compared to human service nonprofits, public and societal benefit nonprofits are significantly less likely to have a volunteer coordinator.

Volunteers – Volunteer Coordinator Compensation

Nonprofits that have a volunteer coordinator were asked to indicate whether the volunteer coordinator was full-time paid, part-time paid, full-time unpaid, or part-time unpaid. To facilitate our analysis, we distinguish between whether the volunteer coordinator is paid (47 percent) or not (53 percent). Three factors are significant, holding all other factors constant.

Size. Larger nonprofits are more likely to have a paid volunteer coordinator.

Formalization. More formalized nonprofits are more likely to have a paid volunteer coordinator.

Primary Purpose: NTEE Code. Health and religion nonprofits are less likely to have a paid volunteer coordinator compared to human service nonprofits.

Volunteers – Volunteer Challenges

We also asked nonprofits how much of a challenge the following volunteer management activities pose for their nonprofit: recruiting and retaining qualified volunteers and assessing and managing volunteer performance. As we did with staff challenges, we computed a volunteer challenge scale by finding the average extent each nonprofit experienced specific challenge. The volunteer challenges scale ranges from 1.0 to 4.0 with a mean of 2.6 and median of 3.0. Two factors are significant, holding all other factors constant.

Formalization. More formalized nonprofits are likely to have more volunteer management challenges.

Primary Purpose: NTEE Code. Compared to human service nonprofits, public and societal benefit nonprofits are likely to have less volunteer management challenges.

What role do board of directors play in Indiana nonprofits?

We asked nonprofits if they have a board of directors. Nearly all (91 percent) nonprofits have a board of directors or the equivalent. Responses the specified the functional equivalent of a board of directors included administrative councils, trustees, and elected officers. Two factors are significant, holding all other factors constant.

Formalization. More formalized nonprofits are more likely to have a board of directors.

Funding Profile. Nonprofits primarily funded by special events, fees and sales, or government are significantly less likely to have a board of directors compared to nonprofits with a mix of funding sources.

Board – Board Selection Mechanism

We asked nonprofits to indicate who has the primary responsibility for selecting new board members: current board members, staff, members, or another mechanism. We grouped respondents' answers into four categories: (1) current board members with or without staff members ("self-perpetuating" model), (2) members only ("pure associational" model), (3) members plus some other mechanism ("modified associational" model), (4) all other.

We ran three independent multivariate regressions for this dependent variable. The first regression assessed which factors appear to be associated with using the self-perpetuating model to select new board members. The second regression focused on the pure associational model and the final regression examined the modified associational model in board member selection.

Self-Perpetuating Model

Nearly half (48 percent) of nonprofits use the self-perpetuating model. Five explanatory factors are significant predictors of this model, controlling for all other factors.

Age. Younger nonprofits are more likely to use the self-perpetuating model to select new board members.

Size. Larger nonprofits are more likely to use the self-perpetuating model to select new board members.

Funding Profile. Compared to nonprofits with a mix of funding, nonprofits primarily funded by the government are more likely to select new board members with the self-perpetuating model.

Primary Purpose: NTEE Code. Environment and religion nonprofits are more likely to use the self-perpetuating model to select new board members compared to human service nonprofits.

Public Charities. The self-perpetuating model is significantly more likely to be used by public charities than non-charities.

Pure Associational Model

More than one-third (35 percent) use the pure associational model. Five factors are significant, holding all other factors constant.

Age. Older nonprofits are more likely to use the pure associational model.

Size. Smaller nonprofits are more likely to use the pure associational model to select new board members.

Funding Profile. Nonprofits primarily funded by fees and sales are more likely to use the pure associational model to select new board members compared to nonprofits with a mix of funding sources.

Primary Purpose: NTEE Code. Compared to human service nonprofits, religion nonprofits are more likely to use the pure associational model to select new board members.

Public Charities. Public charities are significantly less likely to use the pure associational model to select new board members compared to non-charities.

Modified Associational Model

Another 10 percent use the modified associational model and 7 percent fall into the all other category. Four factors are significant in predicting the modified associational model, controlling for all other factors.

Age. Older nonprofits are more likely to use the modified associational model to select new board members.

Size. Smaller nonprofits are more likely to select new board members using the modified associational model.

Primary Purpose: NTEE Code. Compared to human service nonprofits, environment and religion nonprofits are more likely to use the modified associational model to select new board members.

Public Charities. Charities are significantly more likely to select new board members using a modified associational model compared to non-charities.

Board – Number of Board Members

Our survey asked nonprofits how many board members are on their board of directors. Responses varied from one to more than 140 members with an average of 11 and median of 9. We suspect the report number of board members likely reflects the number of people currently serving on the board of directors rather than the number of seats on the board of directors as specified in the nonprofit's bylaws. Holding all other factors constant, four factors are significant.

Age. Older nonprofits are likely to report more board members.

Size. Larger nonprofits are likely to have more board members.

Formalization. More formalized nonprofits are more likely to have more board members.

Primary Purpose: NTEE Code. Compared to human service nonprofits, religion nonprofits likely to have fewer board members.

Board – Number of Board Vacancies

Our survey also asked nonprofits how many vacant positions are on the board of directors. The number of vacancies ranged from 0 to 12. There is an average of 1 vacant position, but half of Indiana nonprofits have no vacancies. Four factors are significant, controlling for all other factors.

Funding Profile. Nonprofits primarily funded by fees and sales and those relying primarily on government funding are likely to have fewer board vacancies compared to nonprofits relying primarily on mixed funding sources.

Primary Purpose: NTEE Code. Religion nonprofits are likely to have fewer board vacancies compared to human service nonprofits.

Public Charities. Public charities are likely to have more board vacancies compared to non-charities.

Board Selection Mechanism: Self-Perpetuating. Nonprofits that elect new board members using the self-perpetuating model are likely to have more board vacancies compared to nonprofits using any other board selection model (reference group).

Board – Board Resources

Our survey asked nonprofits whether they provide their board of directors with any of the following five resources: orientation process, written board manuals, board role/job descriptions, training/development opportunities beyond orientation, and written board member personnel policies. As we did with the staff and volunteer resource variables, we computed a board resources scale by counting the total number of volunteer resources components nonprofits have in place. The scale ranges from 0 to 5 with a mean of 2.1 and a median of 2.0. Three factors are significant, holding all other factors constant.

Size. Larger nonprofits are likely to have more board resources.

Primary Purpose: NTEE Code. Compared to human service nonprofits, arts and culture nonprofits and religion nonprofits are likely to have fewer board resources, while public/societal benefit nonprofits are likely to have more board resources.

Public Charities. Charities are likely to have more board resources compared to non-charities.

Board – Board Challenges

We asked Indiana nonprofits to what extent the following four board management activities pose: recruiting and retaining qualified board members, identifying qualified board members, assessing board member performance, and managing/improving board/staff relations. We computed a board challenges scale by finding the average extent each nonprofit experienced each specific challenge. The board challenges scales ranges from 1 (not a challenge) to 4 (major challenge) with a mean of 2.2 and a median of 2.3.

Formalization. More formalized nonprofits are likely to have higher board management challenges.

Primary Purpose: NTEE Code. Compared to human service nonprofits, mutual benefit nonprofits, public/societal benefit nonprofits, and religion nonprofits are likely to face lower board management challenges.

Board Size. Nonprofits with more board members are likely to report higher board management challenges.

Board Vacancies. Nonprofits with more board vacancies are likely to have higher board management challenges.

KEY FINDINGS

1. All organizations require people to carry out organizational tasks. In nonprofits, human resources generally include paid staff, volunteers, and board of directors. The board of directors is the most common human resource present in Indiana nonprofits. Nearly all (91 percent) of Indiana nonprofits have a board of directors or the equivalent. Volunteers, one of the defining characteristics of the nonprofit sector, are also very prominent (88 percent) among Indiana nonprofits. Paid staff are the least common human resource (56 percent) found among Indiana nonprofits, though paid staff are most found among older and more formalized nonprofits that rely primarily on government funding.
2. Board member selection mechanisms provide insight into nonprofits' target audience and the extent to which they may face challenges. In general, nonprofits where existing board members identify their own replacements, otherwise known as a self-perpetuating board, tend to be charities providing broad community services (e.g., human services, health, arts and culture). Because of the types of services they provide, they are able to obtain access to external subsidies (such as government, donations) and are larger and more formalized. Nonprofits that use this model are also associated with more board vacancies, which tend to be related to more challenges. By contrast, membership associations provide members with the opportunity to select new board members. Membership associations with this type of structure tend to be older, smaller, rely primarily on member dues, and many are registered with the IRS under subsections other than 501(c)(3).
3. Volunteers play an important role in Indiana nonprofits with more than three-fourths (77 percent) of nonprofits identifying volunteers as either very important (33 percent) or essential (44 percent). However, more than half (57 percent) of Indiana nonprofits that use volunteers have either one (25 percent) or zero (32 percent) volunteer resources in place. Only 6 percent have all five volunteer resources in place. This is an area for growth among Indiana nonprofits.
4. Organizational capacity indicators – size and formalization – are strongly related to the presence of organizational components and increased management challenges. Both staff size and formalization are positively correlated with having more resources in place for staff, volunteers, and boards of directors. These resources help create productive work environments where members are motivated to work efficiently towards nonprofits' mission. However, size of staff is also related to an increase in staff management challenges while formalization is positively related to an increase in volunteer and board management challenges. We suspect these relationships exist because an increase in organizational capacity drives a need for more resources, but management challenges still remain.
5. The most significant challenges facing Indiana nonprofits are providing adequate staff compensation and recruiting and retaining qualified volunteers and board members.
6. When looking at volunteer challenges specifically, two conflicting patterns arose. We found that on average nonprofits with five volunteer resources experienced about the same level of volunteer management challenges as those with only one volunteer resource. We suspect this relationship does not mean volunteer resources create challenges, but rather, size may complicate the relationship. On the one hand, large nonprofits tend to use more volunteers and the volunteer volume creates management challenges, even though these

nonprofits have more volunteer resources in place. On the other hand, volunteers are particularly important to small nonprofits, perhaps because volunteers do much of the work, which also creates challenges, but smaller nonprofits lack formalized volunteer resources.

7. Arts and culture and religion nonprofits tend to have less formalization structures. Both arts and culture and religion nonprofits are less likely to have staff and board resources when compared to human service nonprofits, holding all other factors constant. Both types of nonprofits are less likely to have a paid executive director as well, controlling for all other factors. Religion nonprofits also are significantly less likely to have a paid executive director and have less volunteer resources available compared to human service nonprofits.
8. Resources are less common for volunteers and boards of directors. The most common volunteer and board of director resource is position description (and 64 percent, respectively). On the other hand, less than half of nonprofits have an orientation process for board members (42 percent), written board manuals (33 percent), written board personnel policies (30 percent), or board training/development opportunities (30 percent).

DETAILED FINDINGS

All organizations need people to carry out organizational tasks – some to make key strategic decisions about the direction of the organization (its leadership) and some to carry out organizational activities (its staff – paid or unpaid). For many new organizations, these tasks are likely to be carried out by the same individuals.

In this report, we examine the human resources of Indiana nonprofits – their paid staff, volunteers, and board of directors. Some have all three types of resources in place, some only two types (boards and paid staff, or boards and other volunteers), and some only have boards. The latter are usually referred to as working boards and are often the first stage in the formation of nonprofits. As organizations develop, they may secure enough financial resources to hire paid staff and continue formalizing further.

Boards are particularly important to nonprofits, since they don't have owners (otherwise, they would be private businesses). However, the presence of paid staff is a major element of organizational development. Having paid staff helps nonprofits make sure that key tasks are accomplished in a timely fashion. But once nonprofits acquire paid staff, they must also develop a modicum of procedures and policies, so that the board can monitor how staff carry out organizational activities. Such policies and procedures address the so-called principal-agent problem – where principals (boards, or private owners in the case of businesses) are not able to directly observe how well their agents (paid staff) are following directions.

The presence of paid staff is a major organizational dimension and tends to drive many other organizational activities. We therefore start our analysis of the human resources of Indiana nonprofits, by taking a close look at paid staff. We consider both whether Indiana nonprofits have paid staff and if so, whether that includes a paid executive director, rather than only support or program staff. We then turn to a closer look at the number of paid staff and what kinds of staff resources or policies are in place. Finally, we look at the challenges Indiana nonprofits face in managing paid staff.

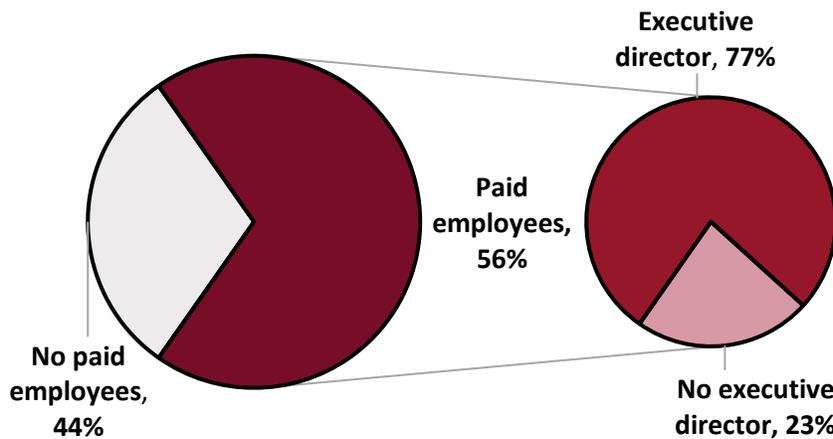
Throughout, we consider whether how important organizational dimensions are related to various human resource dimensions being examined. These include basic organizational dimensions, such as the organization's age, overall level of organizational formalization, and its primary field of activity (e.g., industry). We also consider key nonprofit dimensions, the organization's funding profile and whether it is recognized as a charity by the Internal Revenue Service (IRS). We first consider each of these explanatory factors by themselves and then undertake a multivariate analysis to see how the combination of factors jointly account for differences in key human resource dimensions.

PAID STAFF

Presence of Paid Staff and Executive Director

Slightly more than half of Indiana nonprofits (56 percent) have either part-time and/or full-time paid staff members. Out of those nonprofits that have staff members, approximately three-fourths (77 percent) have a paid executive director. Therefore, less than half (43 percent) of Indiana nonprofits have an executive director. See Figure 1.

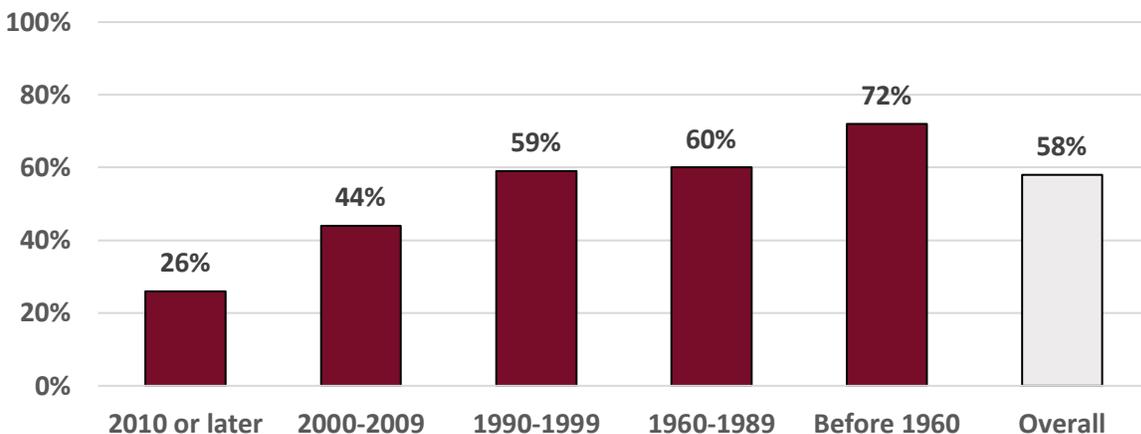
Figure 1: Percentage of Indiana nonprofits with paid staff and paid executive director (n=531-911)



Age

In general, we expect a positive relationship between age and having paid staff, since newer nonprofits may not have had time to develop strong enough revenue streams to make it possible to pay staff. That is indeed the case, although there is no significant relationship with presence of an executive director. As Figure 2 shows, nonprofits established in 2010 or later are significantly less likely (26 percent) to have paid staff members. The same is true for the 44 percent of nonprofits established between 2000-2009 and for almost three quarters (72 percent) of those established prior to 1960. By the same token, more than a quarter of Indiana nonprofits established almost 60 years ago are operating without any paid staff, although we don't know if they had paid staff during a previous period.

Figure 2: Percentage of Indiana nonprofits with paid staff by nonprofit age (n=838)

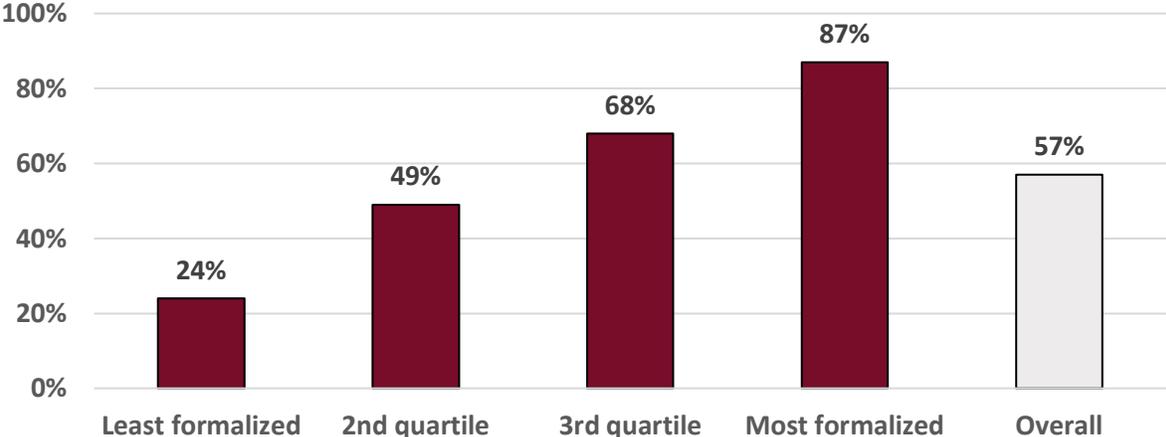


Formalization

We examined how the percentage of nonprofits with paid staff differed based upon nonprofits' levels of formalization, measured as a count of the organizational components the nonprofit has. These include such items as having an organizational website, bylaws, or official board meeting minutes. There is a strong positive relationship between formalization level and presence of paid staff and presence of an executive director.

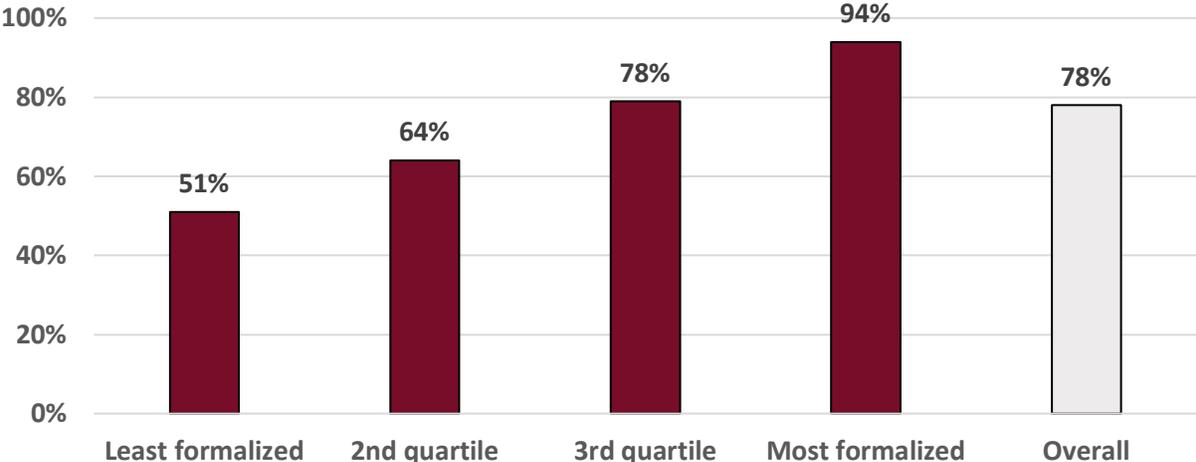
Only about a quarter (24 percent) of the least formalized nonprofits (first quartile of them formalization scale) have paid staff. The percentage increases steadily as nonprofits are more formalized – 49 percent in the second quartile, 68 percent in the first quartile, and 87 percent in the fourth, most formalized quartile. See Figure 3. As we noted earlier, once nonprofits hire staff, they will need to create some policies and procedures at least for managing those staff. And having staff in place, make it easier to further develop policies and procedures to cover additional areas of organizational management.

Figure 3: Percentage of Indiana nonprofits with paid staff by formalization level (n=884)



The same positive relationship holds true between formalization and presence of a paid executive director. As shown in Figure 4, only about half (51 percent) of the least formalized nonprofits have a paid executive director and this percentage also increases steadily as nonprofits are more formalized with 64 percent in the second quartile and 78 percent in the third quartile. Nearly all (94 percent) of the most formalized nonprofits have a paid executive director.

Figure 4: Percentage of Indiana nonprofits with a paid executive director by formalization level (n=500)

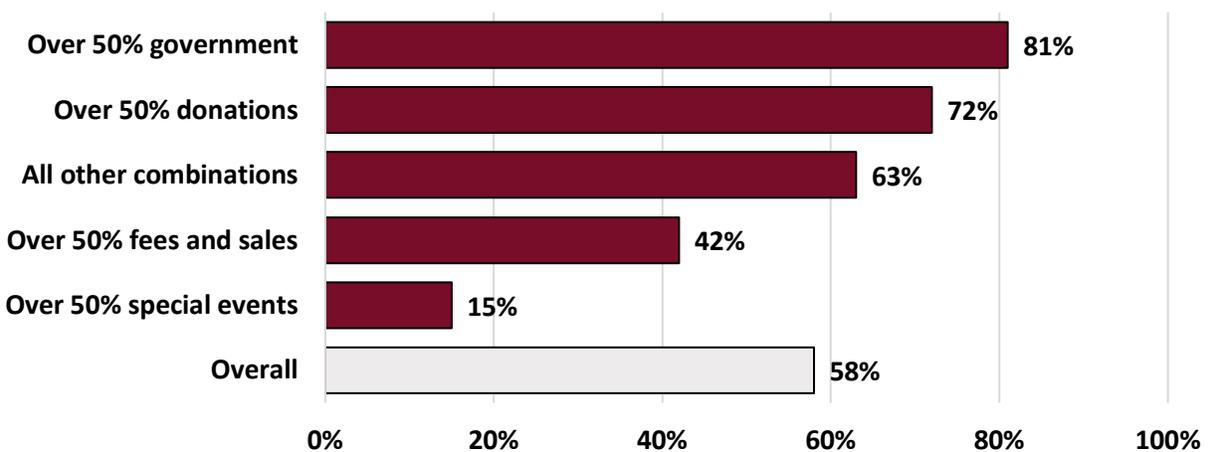


Funding Mix

We analyzed how nonprofits' funding mix is associated with having paid staff and paid executive director. There is a significant relationship between funding mix and presence of paid staff, though there is not a significant relationship with the presence of an executive director. Nonprofits primarily funded by the government or primarily funded by donations are significantly more likely to have paid staff members (respectively 81 and 72 percent, Figure 5). This is as we would expect since both types of revenue streams require ongoing efforts to develop and maintain.

Nonprofits receiving more than half of their funding from fees and sales are significantly less likely (42 percent) to have paid staff members, and nonprofits with more than half of their funding from special events are least likely (15 percent) to have paid staff, suggesting that for at least some nonprofits these types of revenue streams are likely to be sufficiently episodic that volunteers or board members can manage the work involved.

Figure 5: Percentage of Indiana nonprofits with paid staff by funding mix (n=831)



NTEE Field

We analyzed the percentage of nonprofits with paid staff and a paid executive director by major field of activity, using the National Taxonomy of Exempt Entities (NTEE) classification system³. Because there are very few respondents in the health, environment and animals, and international fields, in the analysis below we have combined them into an “all other fields” category.⁴

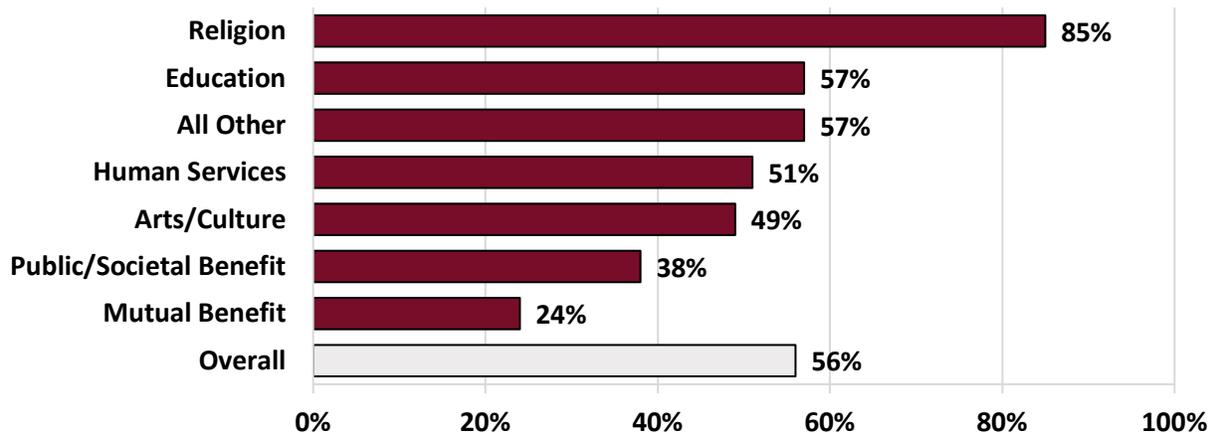
Figure 6 shows most religion nonprofits (85 percent) have paid staff members. This is as we would expect, since most congregations pay their spiritual leader at least on a part-time basis. At the other extreme, only 38 percent of public/social benefit nonprofits and 24 percent of mutual benefit nonprofits have paid employees. Both categories include many nonprofit associations, suggesting that they rely mainly on volunteers or a working board to carry out organizational activities.

³ For a description of the NTEE system, see [National Taxonomy of Exempt Entities \(NTEE\) Codes | National Center for Charitable Statistics \(urban.org\)](#) (retrieved 5/16/2022).

⁴ Nonprofit hospitals, universities and colleges were excluded from the sample, because the survey instrument was not well suited to these types of respondent.

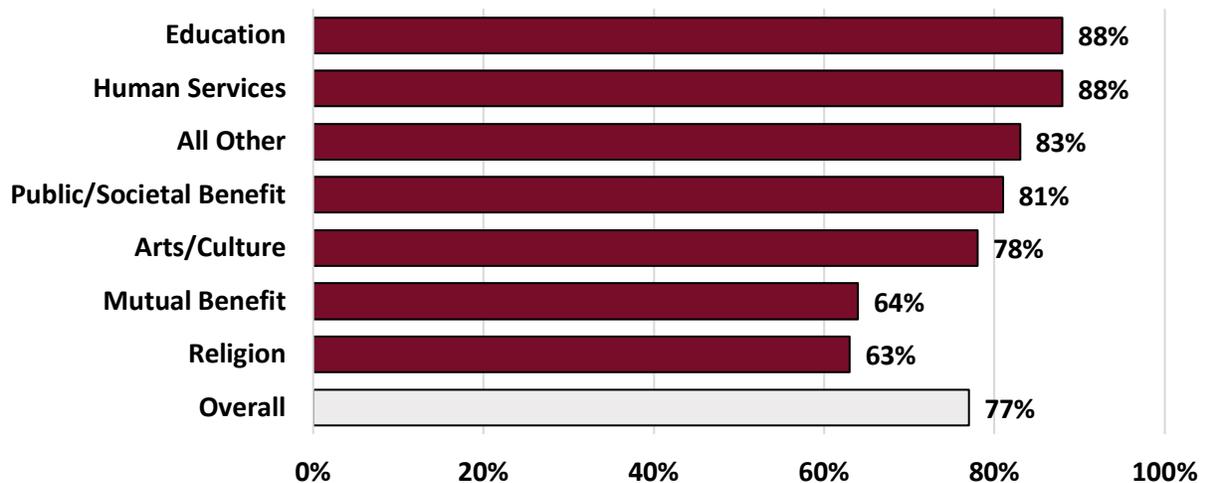
The remaining nonprofit fields, which include most charities, do not deviate far from the expected percentage (56 percent) with paid staff: education (57 percent), human service organization (51 percent), arts and culture (49 percent), and all other fields combined (health, environment, and international (57 percent).

Figure 6: Percentage of Indiana nonprofits with paid staff by NTEE field (n=911)



Out of the 56 percent of nonprofits who have paid staff members, 77 percent have an executive director. As shown in Figure 7, human service (88 percent) and education (88 percent) nonprofits are the most likely to have an executive director, compared to only 64 percent of mutual benefit nonprofits and 63 percent of religion nonprofits. The remaining nonprofit fields do not deviate significantly from the overall percent of nonprofits with an executive director: public/societal benefit (81 percent), arts and culture (78 percent), and all other fields combined (83 percent).

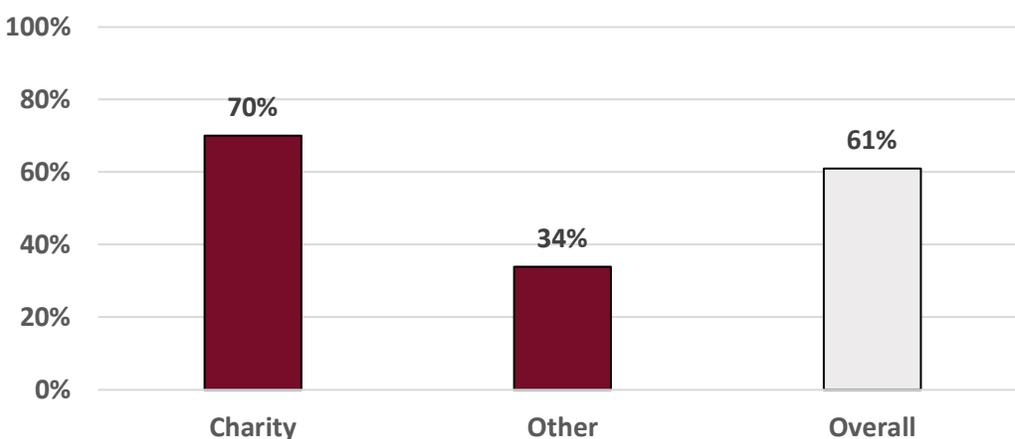
Figure 7: Percentage of Indiana nonprofits with a paid executive director by NTEE field (n=531)



Charity

Finally, we examine if the presence of paid staff and paid executive director is associated with whether the organization is recognized as a charity by the IRS. In general, we expect charities to be more likely to have both paid staff and paid executive director, since these organizations have missions that direct them to provide some kind of broad public benefit on an ongoing basis. That is indeed the case for having paid staff, but there is no difference in terms of having a paid executive director. Charities are significantly more likely (70 percent) to have paid staff, compared to their counterparts (34 percent). See Figure 8.

Figure 8: Percentage of Indiana nonprofits with paid staff by charity (n=596)



Summary

As we have done in previous reports⁵, we now take a closer look at how the various organizational characteristics we have considered so far perform in explaining a particular pattern, in this case, whether Indiana nonprofits have a paid staff and a paid executive director, when we allow all of them to operate at the same time. Our analysis so far has focused on whether a particular explanatory factor, such as NTEE field or funding mix, is related as we expect to whether Indiana nonprofits have paid staff or have a paid executive director. Although useful, this approach is limited in that it forces us to consider each explanatory feature separately. More advanced statistical techniques – multivariate analyses – make it possible to include multiple explanatory features in a statistical model to determine which of them significantly relate to the feature we are trying to understand while controlling for all other factors considered in the analysis.

In order to benefit from the full power of multi-variate analyses, we use the actual numeric versions of several explanatory factors (variables) explored above instead of grouping these measures into segments. This includes the number of decades since being established, the actual count of FTE paid staff, and the count of organizational components (formalization scale). Two of these variables (FTE, formalization) are highly skewed, and we therefore use their natural log to minimize distortions in the analyses.

⁵ <https://nonprofit.indiana.edu/doc/publications/2017surveyreports/informationtechnology.pdf>

In the case of explanatory variables that are categorical in nature, we convert each category into a “dummy” variable that has the value 1 (yes) if the responding organization fits that category (e.g., is a charity) and otherwise has a value of zero (no). If the categorical variable has more than two categories, as does our NTEE variable: arts & culture, education, environment, health, human services, international, mutual benefit, public/societal benefit, and religion, we construct nine dummy variables to capture each type of location in this yes/no format. Our funding-mix variable has five categories and therefore requires five dummy variables.

For each family of dummy variables, however, we must exclude one from the multivariate analysis in order to have a comparison for the remaining variables in that family. For dummy families with three or more categories, we exclude a variable that provides useful comparisons to the remaining dummy variables in that family:

- (1) Funding Profile – exclude “All other combinations”
- (2) NTEE Field – exclude “Human services”

We now take a closer look at how the various organizational characteristics we have considered so far perform in explaining whether Indiana nonprofits have paid staff and paid executive director when we allow all of them to operate at the same time.

Presence of Paid Staff and Paid Executive Director

We use a multivariate binary logistic regression to determine which of the five explanatory factors – age, formalization, funding mix, NTEE field, and charity – are most closely associated with whether Indiana nonprofits have paid staff and a paid executive director. First, the binary regression analyzing the presence of paid staff was highly predictive ($p < 0.001$) and explained 48 percent of the variation in the variable. All five explanatory factors are significant.

- Age: Controlling for all other factors, older nonprofits are significantly more likely to have paid staff.
- Formalization: More formalized nonprofits are significantly more likely to have paid staff members, holding all other factors constant.
- Funding Profile: While holding all other factors constant, compared to nonprofits with mixed funding sources, those primarily funded by the government are significantly more likely to have paid staff and those receiving most funding from special events are significantly less likely to have paid employees.
- Nonprofit F: Controlling for all other factors, we find that education nonprofits are significantly less likely to have paid staff members than human service nonprofits (the comparison group).
- Public Charity: Controlling for all other factors, charities are significantly more likely to have paid staff.

The second binary logistic regression examines how the five explanatory factors are related to the presence of a paid executive director. This regression is highly predictive ($p < 0.001$), and it explains 27 percent of the variance. Formalization, NTEE field, and charity all have a significant impact on the presence of a paid executive director, but age and funding mix do not.

- Formalization: More formalized nonprofits are significantly more likely to have a paid executive director, holding all other factors constant

- **Nonprofit Field:** Controlling for all other factors, arts and culture nonprofits and religion nonprofits are significantly less likely to have a paid executive director relative to human service nonprofits.
- **Public Charity:** Controlling for all other factors, charities are significantly more likely to have a paid executive director.

Table 1 below summarizes the results, indicating which predictors are significant in each model and if so, whether factors are positively or negatively associated with having paid staff or paid executive director. See Appendix E for full details of the statistical models.

Table 1: Estimates for Binary Logistic Regression of Whether Indiana Nonprofits Have Paid Staff and Paid Executive Director

Variables Included in the Multivariate Equation	Paid Staff	Paid Executive Director
Age (Decades since Founded)	+	
Formalization	+	+
Funding Mix (ref=Mixed)		
Funding Mix: Over 50% Donations		
Funding Mix: Over 50% Fees and Sales		
Funding Mix: Over 50% Government	+	
Funding Mix: Over 50% Special Events	-	
NTEE Code (ref=Human Services)		
NTEE Code: Arts & Culture		-
NTEE Code: Education	-	
NTEE Code: Environment		
NTEE Code: Health		
NTEE Code: International*		Not included
NTEE Code: Mutual Benefit		
NTEE Code: Public/Societal Benefit		
NTEE Code: Religion		-
Charity	+	+

Note: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationship. Both models are significant at $p = .000$. For column 1, Model Chi-square=237.749, $n=65$, and Nagelkerke R-squared =.475 (the proportion of variation in the **presence of paid staff**, explained by the independent variables). There are 78.6% estimated correct predictions in the model. For column 2, Model Chi-square=65.000, $n=364$, and Nagelkerke R-squared=.267 (the proportion of variation in the **presence of a paid executive director**, explained by the independent variables). There are 83.5% estimated correct predictions in the model. Excluded categories: Funding Mix: Mixed, NTEE Code: Human Services. For full results, see Appendix E.

Number of FTEs

As we noted earlier, human capital is one of nonprofits' most critical assets in terms of allowing them to achieve their mission. As nonprofits grow and evolve, volunteers and board members may no longer be able to carry out the work in a timely manner and they have to hire paid staff,

as we noted in the previous section. Here we look in greater depth at the number of paid staff, noting that growth in the number of staff is part of the normal lifecycle of organizations, allowing other developments to become possible. We explore some of these facets below.

Our survey asked nonprofits to indicate the number of full-time and part-time staff employed at the time of the survey. The numbers varied greatly, from a high of 950 to none. Half, in fact, have no full-time staff at all and the average was only 10. For part-time employees, the range was less extreme, from a high of 450 to none. Half had no part-time employees, and the average was only 5. We computed the number of full-time equivalent (FTE) staff by summing the number of full-time and half the number of part-time staff members.

The number of FTEs varied greatly. More than two-fifths (44 percent) had no paid staff at all, some had only one part-time employee, while some had more than 1,000 FTEs. Nevertheless, on average, the number of FTEs for all nonprofits is relatively small with a mean of 22 FTEs and a median of 3.5 FTEs.

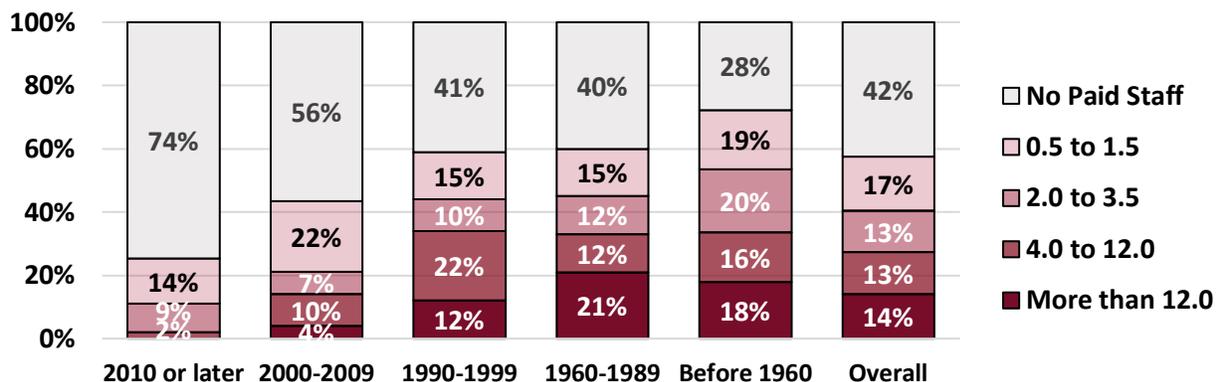
We examine first what factors are associated with having many rather than few FTEs. In the analysis that follows, we use five size categories: no FTEs at all, with the rest divided into roughly equal segments. More than two-fifths (44 percent) have zero FTEs, another 17 percent have 1.5 or less and only 14 percent have more than 12 FTEs (the highest size category).

As we noted earlier, staff size is a critical factor in building organizational capacity and in allowing nonprofits to undertake a variety of activities. As we argue below, we therefore also use staff size to help understand other organizational features. For example, whether staff size is related to how nonprofits use volunteers or how their boards operate.

Age

As shown in Figure 9, there is a positive relationship between the age of nonprofits and the number of FTEs. This is as we expect as nonprofits go through their lifecycles. The oldest nonprofits, those established before 1960 and between 1960-1989, are significantly more likely (18 percent and 21 percent, respectively) to fall in the largest FTE size category (12 or more). Though, the most notable deviations occur amongst young nonprofits established either between 2000-2009 or established in 2010 or later. Only 4 percent of nonprofits established between 2000-2009 and none of those established in 2010 or later have 12 or more FTEs. Rather, most nonprofits established in these two time periods, 56 percent and 74 percent respectively, do not have any staff members.

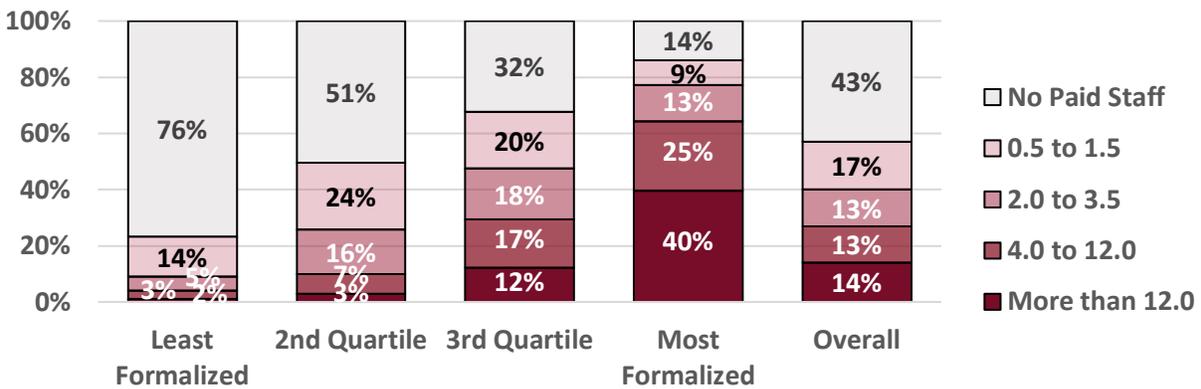
Figure 9: Number of FTEs in Indiana nonprofits by age (n=838)



Formalization

As mentioned earlier, the presence of staff (FTEs) is another form of organizational development, so we would expect a positive relationship between formalization and number of FTEs. This holds true. Only 24 percent of the least formalized nonprofits have any paid staff at all and only 2 percent had more than 12 FTEs. As the formalized level increases, the percentage of nonprofits with more than 12 FTEs steadily increases – to 3 percent in the second quartile, 12 percent in the third quartile, and 40 percent in the most formalized quartile. See Figure 10.

Figure 10: Number of FTEs in Indiana nonprofits by formalization (n=884)

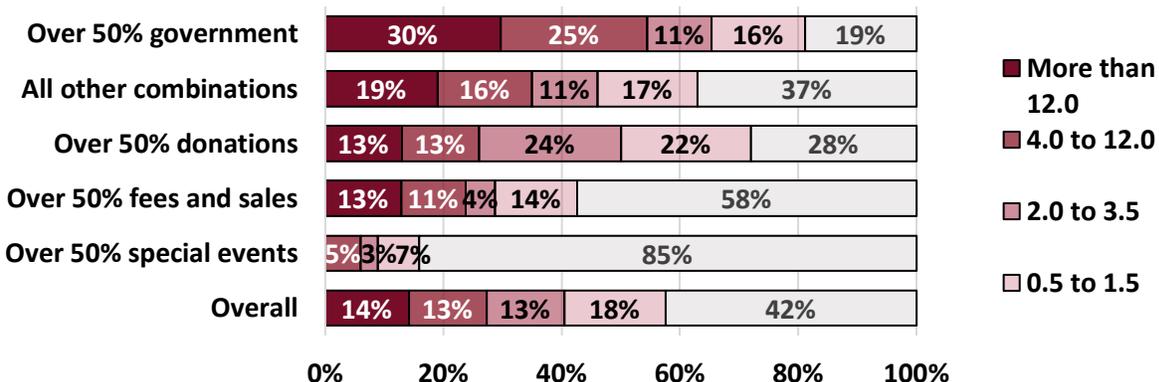


Funding Mix

Nonprofits that rely mainly on government funding tend to be quite large, with nearly one-third (30 percent) falling into the largest quartile (more than 12 FTEs). This is as we would expect since government revenue is often performance-based and requires ongoing programs and greater reporting that places a premium on having paid staff.

In contrast, nonprofits primarily funded by special events are significantly less likely (5 percent) to have more than 12 FTEs and the vast majority (85 percent) have no paid staff at all. See Figure 11. These findings are consistent with our findings above – nonprofits which primarily rely on special events are likely to rely more heavily on volunteers or board members to carry out the organization’s work.

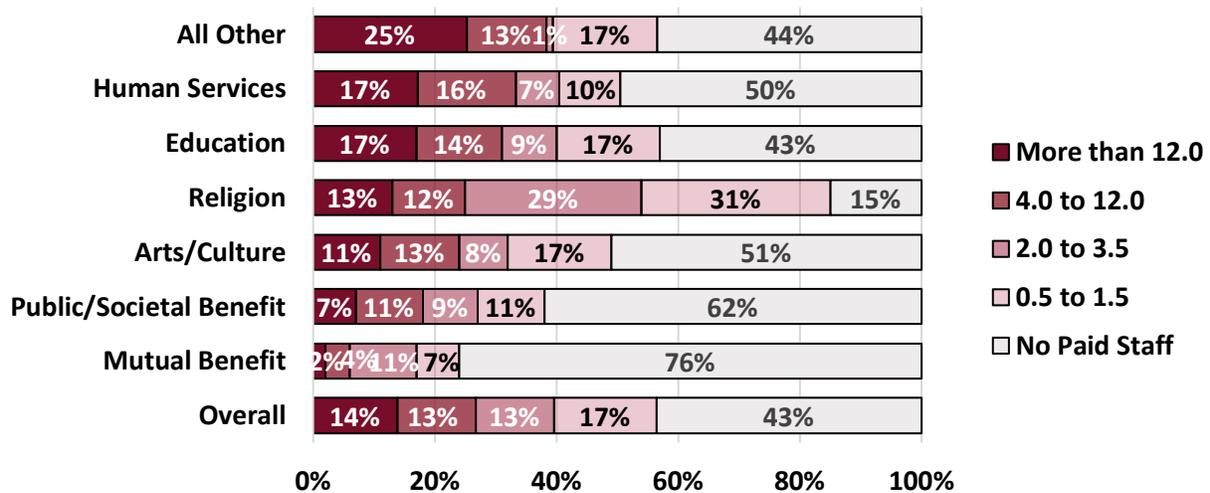
Figure 11: Number of FTEs in Indiana nonprofits by funding mix (n=831)



NTEE Field

The number of FTEs varies greatly by nonprofit field of activity. All other nonprofits, which includes health, environment and animals, and international nonprofits, employ the greatest number of staff members with 25 percent showing total FTEs of more than 12. At the other extreme, a mere 2 percent of mutual benefit and 7 percent of public/societal benefit nonprofits fall within the largest category of FTEs. See Figure 12. The latter two are the most likely to have no paid staff at all – respectively 76 percent and 62 percent. By contrast, only 15 percent of religion nonprofits have no paid staff at all.

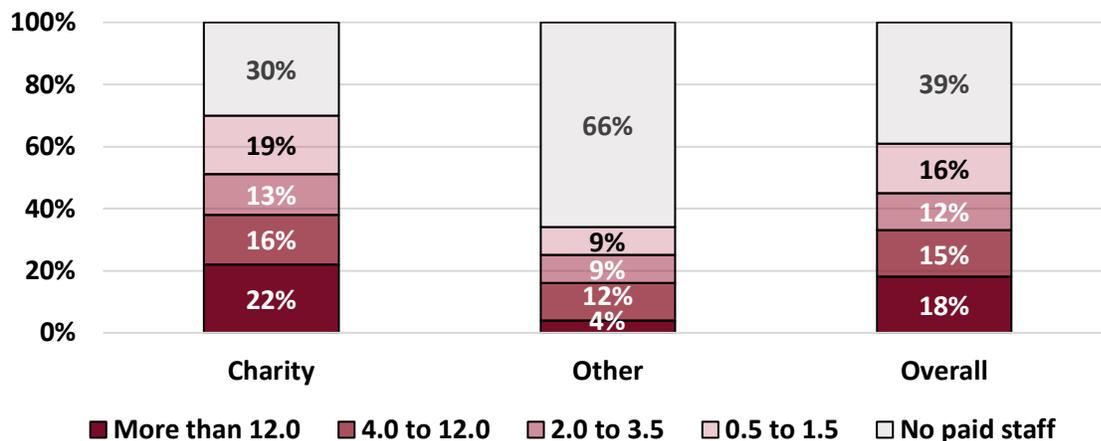
Figure 12: Number of FTES in Indiana nonprofits by NTEE field (n=911)



Charity

Consistent with the findings above, we expect charities to have greater number of FTEs when compared to non-charities. This is indeed the case. A little more than one-fifth (22 percent) of nonprofit charities have more than 12.0 FTEs, with only 30 percent indicating no paid staff at all. In contrast, a mere 4 percent of non-charities have more than 12.0 FTEs, with two-thirds (66 percent) indicating no paid staff. See Figure 13.

Figure 13: Number of FTES in Indiana nonprofits by charity (n=596)



Summary

We used a multivariate logistic regression to determine which of the five explanatory factors – age, formalization, funding mix, NTEE Field, and charity – best predict the number of FTEs in Indiana nonprofits. The regression model is highly significant ($p < 0.001$) and explained nearly 41 percent of the variation in FTE. All five explanatory factors were found to be significant. See Table 2.

- **Age:** Age of nonprofits is significantly related to number of FTEs. Older nonprofits are more likely to have more FTEs, holding all other factors constant.
- **Formalization:** Controlling for all other factors, the same relationship was found with formalization – more formalized nonprofits are more likely to have more FTEs.
- **Size:** Consistent with the findings above and controlling for all other factors, Indiana nonprofits that rely primarily on the government are significantly more likely to have more FTEs compared to those with mixed funding sources, while those obtaining more than half of their revenue from special events are likely to have fewer FTEs.
- **Nonprofit Field:** Health nonprofits in Indiana are significantly more likely to have more FTEs while arts and culture, education, environment, and public/societal benefit nonprofits are significantly likely to have less FTEs compared to human service nonprofits, holding all other factors constant.
- **Public Charity:** Charities are significantly more likely to have more FTEs, holding all other factors constant.

Table 2: Estimates for Linear Regression of Number of FTEs

Variables Included in the Multivariate Equation	Number of FTEs
Age (Decades since Founded)	+
Formalization	+
Funding Mix (ref=Mixed)	
Funding Mix: Over 50% Donations	
Funding Mix: Over 50% Fees and Sales	
Funding Mix: Over 50% Government	+
Funding Mix: Over 50% Special Events	-
NTEE Code (ref=Human Services)	
NTEE Code: Arts & Culture	-
NTEE Code: Education	-
NTEE Code: Environment	-
NTEE Code: Health	+
NTEE Code: International	
NTEE Code: Mutual Benefit	
NTEE Code: Public/Societal Benefit	-
NTEE Code: Religion	
Charity	+

Notes: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationships. The model is significant at $p = .000$, $n = 555$, and

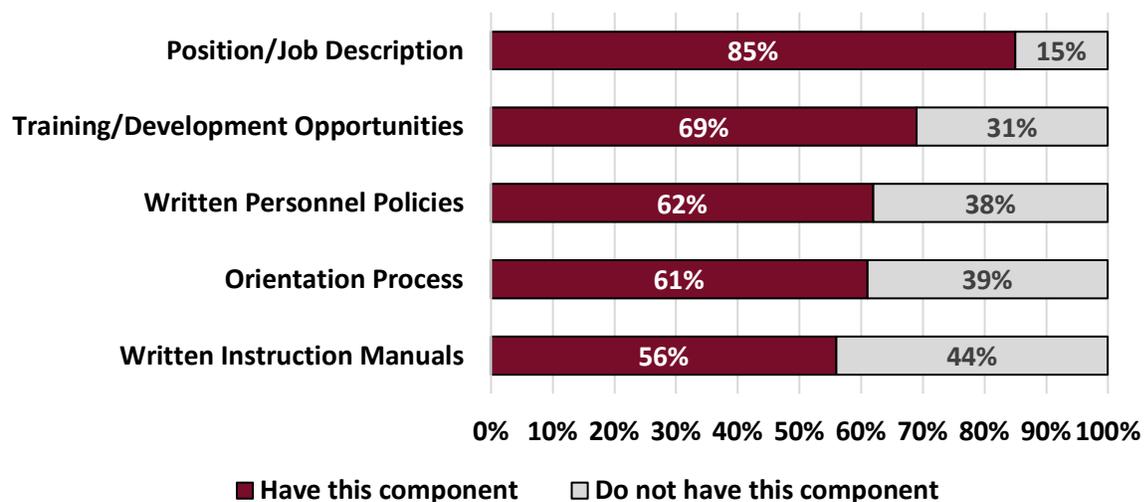
the Adjusted R-squared=.406 (the proportion of variation in the dependent variables (**number of FTEs**) explained by the independent variables). We use the natural log of formalization to account for the skew in the distribution of the original versions of the variables. Excluded categories: Funding Mix: Mixed, NTEE Code: Human Services. For full results, see Appendix E.

Staff Resources

Staff resources are meant to assist nonprofits in creating productive work environments where staff members are motivated to work efficiently towards nonprofits' missions. As nonprofits grow and increase in number of FTEs, they are likely to discover an increased need for more formalized structures and organizational components, though this may not be true for all nonprofits. Such organizational components include staff-related resources that assist with effective management. We measured staff resources by asking nonprofits if they have any, or all, of the following for their staff members: orientation process, written instruction manuals, position/job description, training/development opportunities beyond orientation (e.g., workshops, conferences), or written manuals. Figure 14 illustrates the percent of Indiana nonprofits that have each staff resource.

The most common staff resource available among Indiana nonprofits is a written position/job description (85 percent), but by the same token, 15 percent say don't have this. More than two-thirds also have training/development opportunities (69 percent) and half or more have written personnel policies (62 percent), a staff orientation process (61 percent), and written staff instruction manuals (56 percent).

Figure 14: Presence of staff resources in Indiana nonprofits (n=528)

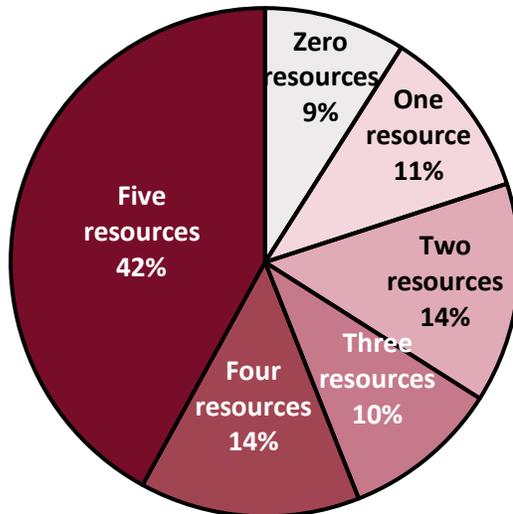


We computed a staff resources scale⁶ by counting the number of staff resource components responding nonprofits have in place. The number of components range from 0 to 5 with a mean of 3.3 and a median of 4. Figure 15 shows the resulting variable. Nearly half (42 percent) of

⁶ We performed a reliability analysis to confirm that the items included in our measure of staff resources do form a scale. Analysis methods and findings are available upon request.

Indiana nonprofits have all five staff resource components, while very few (9 percent) have zero staff resource components.

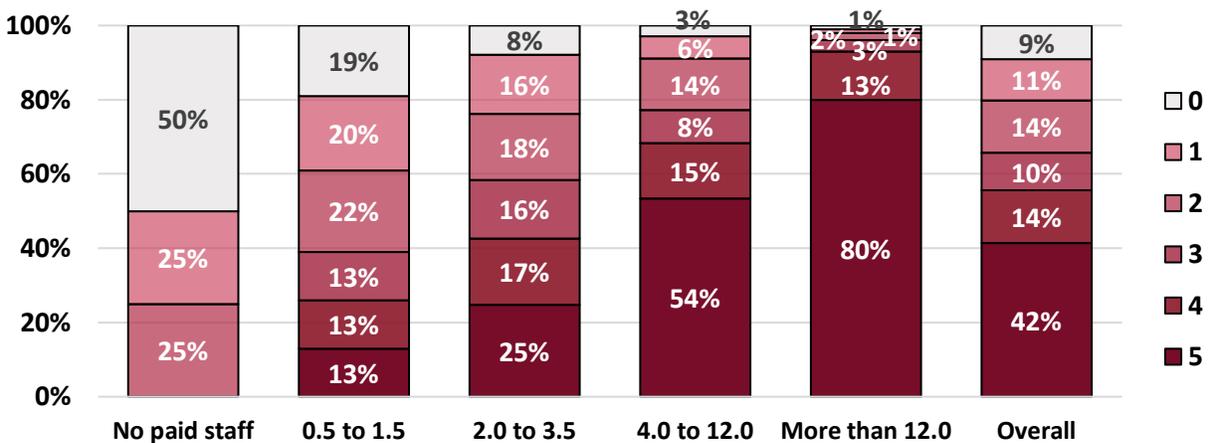
Figure 15: Total number of staff resources available among Indiana nonprofits (n=528)



Size in terms of FTE

Size is significantly related to staff resources and continues to be a significant predictor variable in most analyses to follow. Most (80 percent) of nonprofits with more than 12 FTEs have all five staff resources, as do 54 percent of nonprofits in the next smaller size category (3.5 to 12 FTEs). By contrast, fully half of nonprofits with no paid staff have zero staff resources while 25 percent have one staff resource, and the other 25 percent have two staff resources. See Figure 16. This significant positive relationship is consistent with our expectations since having paid staff and staff policies and procedures are both indicators of organizational development.

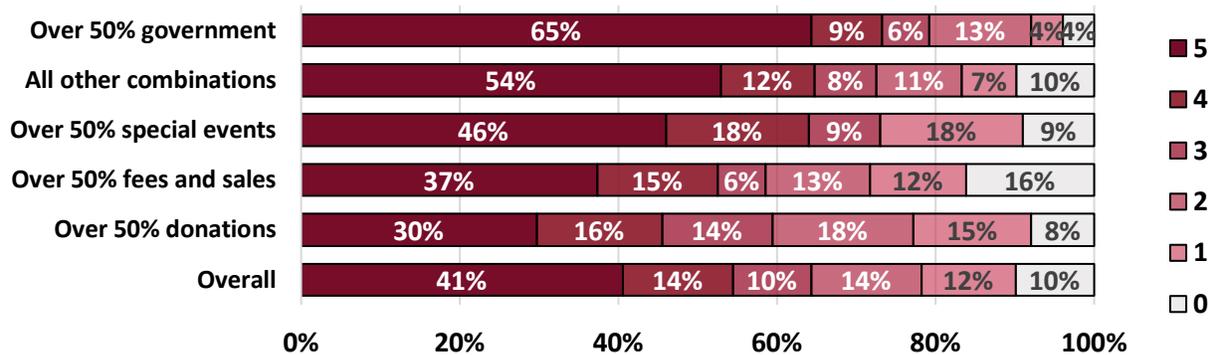
Figure 16: Percentage of staff resources available among Indiana nonprofits by size of FTE (n=511)



Funding Mix

Nearly two-thirds (66 percent) of nonprofits that rely primarily on government funding have all five staff resources, as do 54 percent of nonprofits that rely on a mix of funding sources. In contrast, only 30 percent of nonprofits primarily funded from special events have all five resources. See Figure 17. These findings are consistent with our findings above. Government revenue streams often require ongoing efforts to develop and maintain. Meanwhile, nonprofits primarily funded through special events are less likely to have paid staff members, thus a lower need for staff resources.

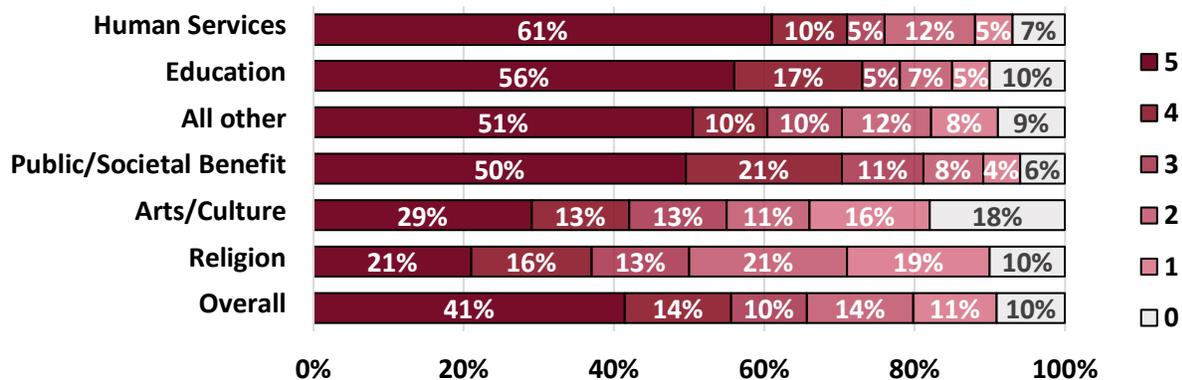
Figure 17: Percentage of staff resources available among Indiana nonprofits by funding mix (n=494)



NTEE Field⁷

Almost two-thirds (61 percent) of human service nonprofits have all five staff resources, as do about half of education (56 percent), all other⁸ (51 percent), and public and societal benefit (50 percent) nonprofits. Conversely, arts and culture and religion nonprofits are significantly less likely to have all five staff resources (29 and 21 percent respectively) and also have the greatest proportion (18 percent) with no staff resources. See Figure 18.

Figure 18: Percentage of staff resources available among Indiana nonprofits by NTEE field (n=528)



⁷ For this analysis, health, environment, international, and mutual benefit nonprofits were combined due to low response rates.

⁸ "All other" refers to health, environmental, international, and mutual benefit nonprofits.

Summary

We use a multivariate logistic regression to assess how the five independent variables – age, size (FTE), funding mix, NTEE field, and charity – are associated with the number of staff resources available. The regression model is highly significant ($p < 0.001$), and it explains 35 percent of the variation among staff resources. Three variables are significant in the multivariate analysis (see Table 3). One variable, age, was significant at the bivariate level but not at the multivariate level. See Appendix B for details.

- **Size:** As expected, size in terms of FTE was highly significant. Larger staff in terms of FTEs corresponds to have more staff resources in place, holding all other factors constant.
- **Funding Profile:** Indiana nonprofits primarily funded from fees and sales are less likely to have staff resources available when compared to nonprofits with mixed funding sources, controlling all other factors.
- **Nonprofit Field:** Both arts and culture nonprofits and religion nonprofits are less likely to have staff resources when compared to human service nonprofits, controlling all other factors.

Table 3: Estimates for Linear Regression of Staff Resources

Variables Included in the Multivariate Equation	Staff Resources
Age (Decades since Founded)	
Size (In Terms of FTE)	+
Funding Mix (ref=Mixed)	
Funding Mix: Over 50% Donations	
Funding Mix: Over 50% Fees and Sales	-
Funding Mix: Over 50% Government	
Funding Mix: Over 50% Special Events	
NTEE Code (ref=Human Services)	
NTEE Code: Arts & Culture	-
NTEE Code: Education	
NTEE Code: Environment	
NTEE Code: Health	
NTEE Code: International	
NTEE Code: Mutual Benefit	
NTEE Code: Public Service	
NTEE Code: Religion	-
Charity	

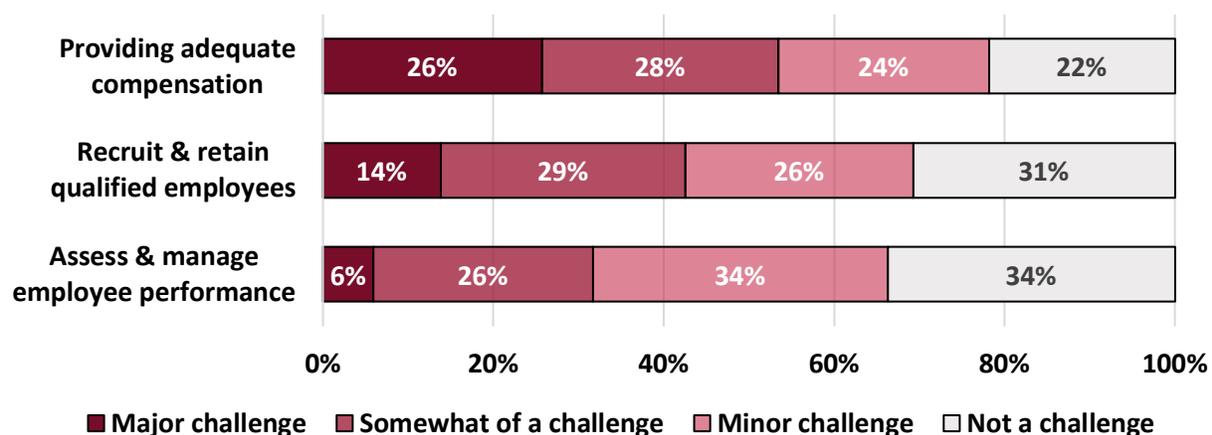
Notes: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationships. The model is significant at the $p = .000$, $n = 346$, and Adjusted R-squared = .350 (the proportion of variation in the dependent variable (**staff resources**) explained by the independent variables). We used the natural log of size in terms of FTE to account for the skew in the distribution of the original versions of the variables. Excluded categories: Formalization, Funding Mix: Mixed, NTEE Code: Human Services. For full results, see Appendix E.

Challenges Managing Staff

Over time, the nonprofit sector has become more professionalized, requiring employees with a greater range of skills. The need to recruit, retain, and provide adequate compensation to employees has become correspondingly more important and resulted in greater focus on human resources management.⁹ We asked Indiana nonprofits to what extent they experience three specific staff-related management challenges: recruiting and retaining qualified employees, managing and assessing staff performance, and providing adequate staff compensation. Staff challenges questions were scored on a scale of 1 (not a challenge) to 4 (major challenge). Those that selected 'don't do this activity' were removed from the analysis. See Figure 19.

The most significant challenge facing Indiana nonprofits is providing adequate staff compensation. A little more than half (54 percent) of nonprofits consider providing adequate staff compensation either a major challenge (26 percent) or somewhat of a challenge (28 percent). This is not unexpected, since nonprofit funding is often unstable and needs or demands for services are rarely fully met. Recruiting and retaining qualified employees (14 percent) and assessing and managing employees (6 percent) pose less of a major challenge to nonprofits.

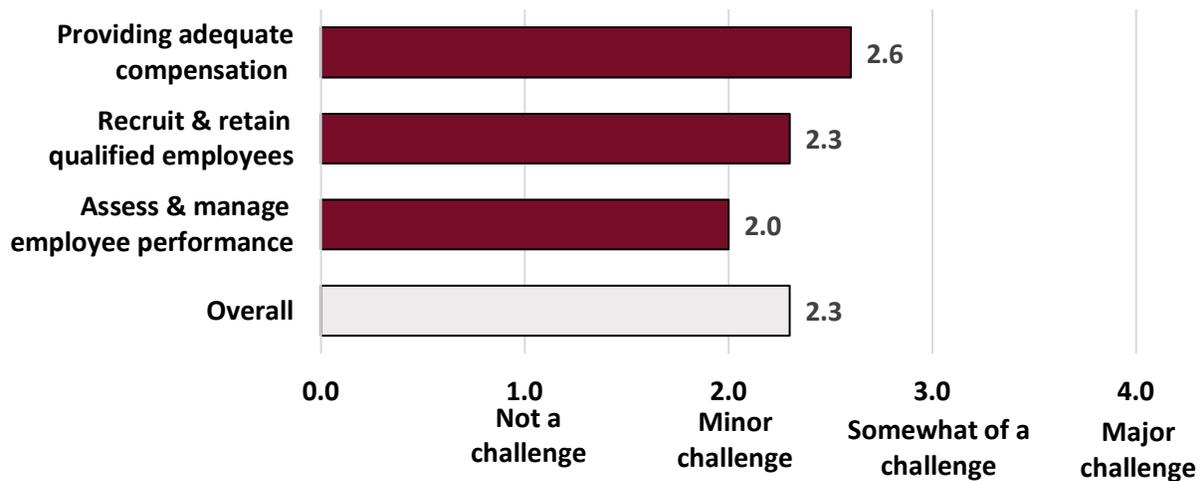
Figure 19: Staff management challenges among Indiana nonprofits (n=473-478)



We computed the average extent to which nonprofits experienced each specific challenge (top three bars in Figure 20). As expected, providing adequate compensation poses the greatest challenge with a mean of 2.6 and assessing and managing employee performance is the least challenging with a mean of 2.0.

⁹ Word, J.K.A. & Sowa, J.E. (2017). *The nonprofit human resource management handbook: From theory to practice*. Routledge.

Figure 20. Average level of staff challenges experienced by Indiana nonprofits (n=473-497)

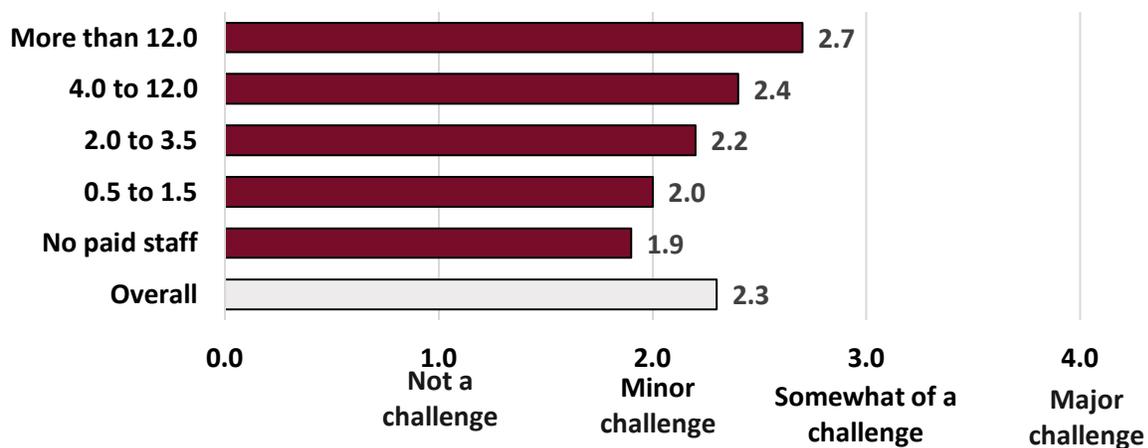


We also created an overall staff challenges scale¹⁰ by computing the average of the three staff challenges. The bottom bar in Figure 21 shows the resulting overall staff challenges scale. Both the mean and the median for staff challenges overall is 2.3. We use the overall staff challenge scale in the following bivariate and multivariate analysis.

Size in terms of FTE

There is a significant relationship between nonprofits size (FTEs) and staff management challenges. In general, the more FTEs nonprofits have, the higher is the average staff challenge. Nonprofits with more than 12 staff members have the highest average of 2.7. Nonprofits with no paid staff have a mean of 1.9.

Figure 21: Average level of staff challenges by size in terms of FTE (n=485)

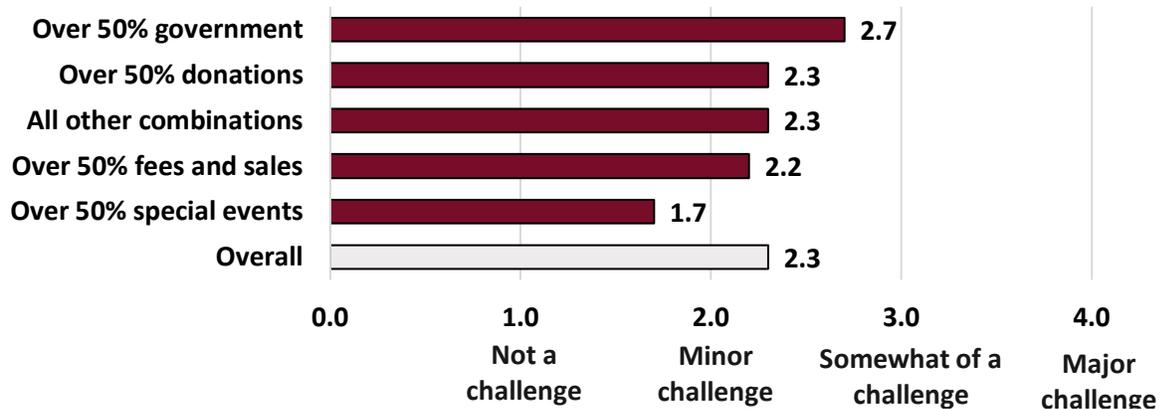


¹⁰ We performed a reliability analysis to confirm that the items included in our measure of staff challenges do form a scale. Analysis methods and findings are available upon request.

Funding Mix

Nonprofits receiving government funding face the most significant staff management challenges. On average, nonprofits that rely primarily on government funding rank staff management challenges as 2.7. By contrast, the average staff challenge is only 1.7 for nonprofits primarily funded by special events. As we noted earlier, nonprofits primarily funded by special events tend to have few to no staff members.

Figure 22: Average level of staff challenges by funding mix (n=466)

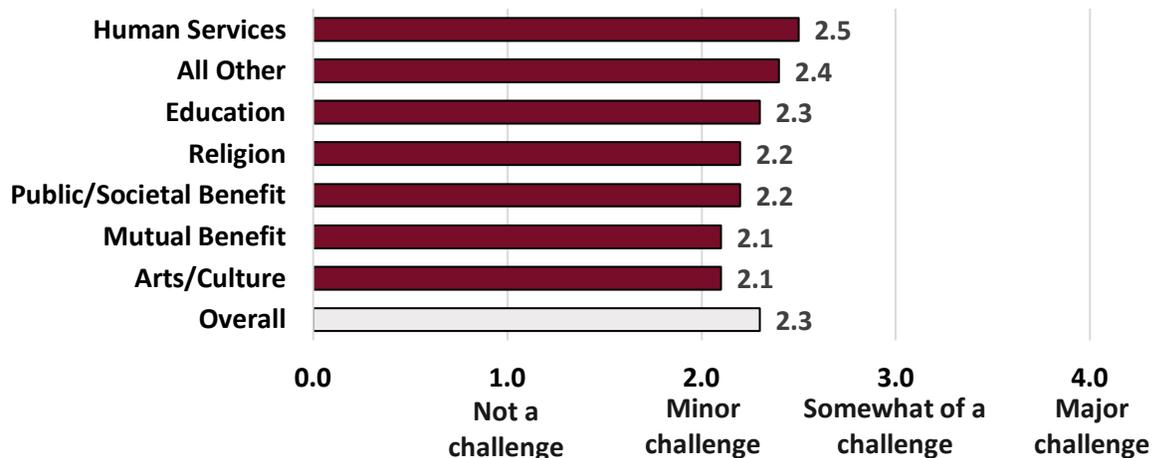


NTEE Field

Human service nonprofits, on average, face the most significant staff management challenges with a mean of 2.5, compared to only 2.1 for mutual benefit and arts and culture nonprofits. These findings may also be another indication of the importance of staff size since mutual benefit nonprofits tend to have very few or no paid staff members, suggesting that mutual benefit nonprofits would have lower levels of staff management challenges. The same is true for arts and culture nonprofits.

However, overall, all NTEE fields rank staff management challenges between 2.0 and 3.0 indicating staff management challenges are either a minor challenge or somewhat of a challenge.

Figure 23: Average level of staff challenges by NTEE field (n=497)

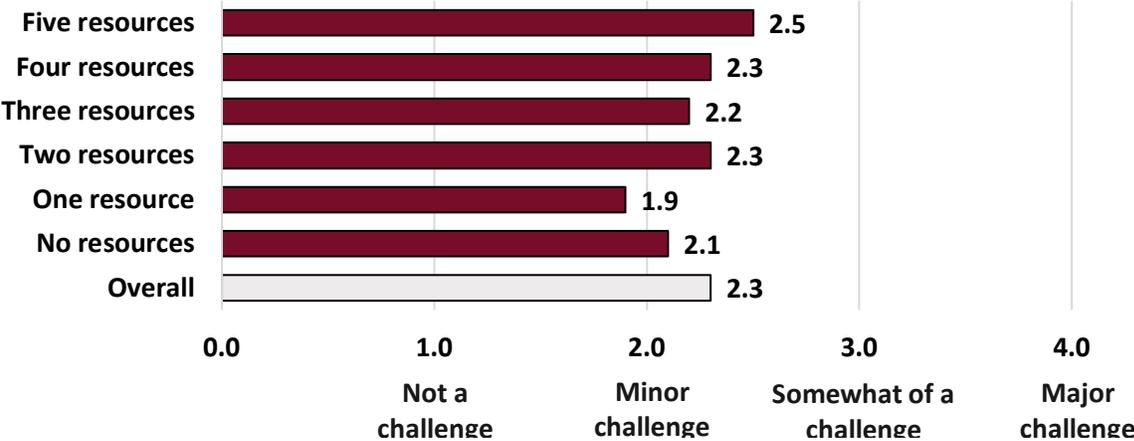


Staff Resources

Overall, there is a negative relationship between challenges managing staff and number of staff resources, although the pattern is not entirely consistent. Nonprofits with all five staff resources report the greatest average level of challenges managing staff (2.5 average). At the other end, nonprofits with one staff resource report the lowest level of staff management challenges (1.9 average).

We do not think this negative relationship means that having staff resources creates challenges. Rather, having more FTEs creates the need for staff resources, but staff management remains a challenge.

Figure 24: Average level of staff challenges by staff resources (n=492)



Summary

We ran two multivariate linear regression to assess which independent variables are associated with the extent to which Indiana nonprofits face staff related challenges. The first model utilized five explanatory variables— age, size (FTE), formalization, funding mix, and NTEE field. The regression model is highly significant (p<0.001) though it only explained 9 percent of the variance. Size in terms of FTE, funding mix, and NTEE field were all significant in the model. See Table 4.

- Size: A significant positive relationship exists between size in terms of FTE and the level of staff-related challenges. Controlling for all other factors, nonprofits larger in terms of FTEs are significantly more likely to experience more major staff-related challenges.
- Funding Profile: Consistent with the findings from above, primarily government funded Indiana nonprofits are more likely to experience staff-related challenges than nonprofits with a mixed funding source (the comparison group), holding all other factors constant.
- Nonprofit Field: NTEE field was not significant in the bivariate relationships outlined above although it is significant in the multivariate regression. Controlling for all other factors, public/societal benefit nonprofits are significantly less likely to face staff-related challenges compared to human service nonprofits.

The second multivariate regression added two additional explanatory variables: charity and number of board vacancies. Board vacancies was added to this analysis since boards have an important role in monitoring staff performance and how staff carry out organizational activities.

This regression was also highly predictive ($p < 0.001$) and explained 12 percent of the variance, a slightly more predictive model than the previous. See Appendix B for additional significant variables at the bivariate level.

- **Size:** Consistent with the regression above, controlling for all other factors, nonprofits that are larger in terms of FTEs are significantly more likely to face increased staff management challenges.
- **Funding Profile:** Consistent with the regression above, primarily government funded nonprofits are significantly more likely to face more staff management challenges compared to nonprofits with a mix of funding sources.
- **Nonprofit Field:** Compared to human service nonprofits, arts and culture nonprofits and health nonprofits are significantly less likely to face as many staff management challenges, holding all other factors constant.
- **Board Vacancies:** Controlling for all other factors, nonprofits with more board vacancies are significantly more likely to face increased staff management challenges. We speculate that board vacancies may reflect general overall challenges for the organization, perhaps because the vacancies mean some tasks are not completed, or – more likely – that the organization facing management challenges finds it difficult to recruit and keep board members.

Table 4: Estimates for Linear Regression of Staff Challenges

Variables Included in the Multivariate Equation	Staff Challenges – Model 1	Staff Challenges – Model 2
Age (Decades since Founded)		
Size (In Terms of FTE)	+	+
Formalization		
Funding Mix (ref=Mixed)		
Funding Mix: Over 50% Donations		
Funding Mix: Over 50% Fees and Sales		
Funding Mix: Over 50% Government	+	+
Funding Mix: Over 50% Special Events		
NTEE Code (ref=Human Services)		
NTEE Code: Arts & Culture		-
NTEE Code: Education		
NTEE Code: Environment		
NTEE Code: Health		-
NTEE Code: International		
NTEE Code: Mutual Benefit		
NTEE Code: Public/Societal Benefit	-	
NTEE Code: Religion		
Charity	Not included	
Board Vacancies	Not included	+

Notes: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationship. Both models are significant at $p = .000$. For

column 1, n= 458 and Adjusted R-squared =.090 (the proportion of variation in the dependent variable (**staff challenges**) explained by the independent variables). For column 2, n=306 and Adjusted R-squared=.124 (the proportion of variation in the dependent variable (**staff challenges**) explained by the independent variables, including charity and board vacancies). We use the natural log of size in terms of FTE, formalization, and board vacancies to account for the skew in the distribution of the original versions of the variables. Excluded categories: Funding Mix: Mixed, NTEE Code: Human Services. For full results, see Appendix E.

VOLUNTEERS

We continue our analysis of the human resources in Indiana nonprofits, by taking a closer look at volunteers. Volunteers are one of the defining characteristics of the nonprofit sector. Many nonprofits begin with a small group of dedicated volunteers that take on the responsibilities of running the organization, not only as the board of directors, but as unpaid staff. Over time, the nonprofit may become sufficiently established and obtain enough resources to hire staff members. At that point, volunteers may continue to play an important role and undertake a variety of tasks, assisting employees or becoming embedded in everyday operations.

To understand how Indiana nonprofits use volunteers, our survey asked respondents whether they use volunteers (other than as board members) and if so, how many people volunteered with their nonprofits in the past year. The vast majority (88 percent) of nonprofits indicated having volunteers at some point throughout the course of the year. For those nonprofits who have volunteers, the number of annual volunteers ranged from one to more than 40,000. The mean number of volunteers was 295 with a median of 30. These are estimates only and there are likely to be considerable differences in how nonprofits count their volunteers, making further analysis of the number of volunteers problematic at best.

The role of volunteers also differs among nonprofits. Volunteers can be classified according to how frequently they volunteer and the number of hours they volunteer. For example, some people volunteer on a singular occasion whereas other individuals may volunteer on a regular and consistent basis. To capture this variation, our survey asked Indiana nonprofits what percent of volunteers are ongoing. Nonprofits' responses varied from zero percent to 100 percent. The mean was 49 percent with a median of 50 percent. We did not conduct further analysis of this variable because we were not sure responses were robust enough to warrant in-depth analysis.

Volunteers allow nonprofits to carry out activities that they may not be able to do otherwise and at the same time also allow them to engage those volunteers in the organization's mission, thereby enhancing the organization's visibility and impact in the community. But finding and retaining qualified and reliable volunteers can be challenging. To address those issues, many nonprofits create policies and procedures that lay out expectations and guidelines for volunteers and some have special volunteer coordinators that carry out the work of managing volunteers.

We consider first the importance of volunteers to Indiana nonprofits. Then, we assess what volunteer resources are available to volunteers, including a specific analysis of the presence of a volunteer coordinator – whether paid or unpaid. Finally, we look at the challenges Indiana nonprofits face in managing volunteers.

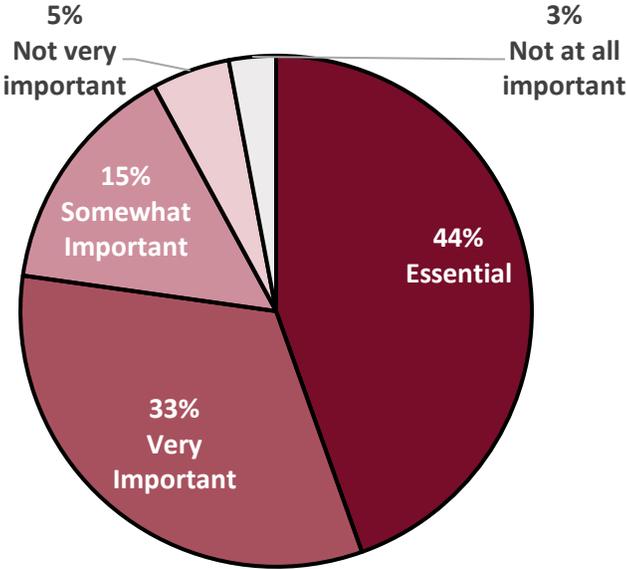
As we did above, we begin by considering how each of the explanatory factors by themselves account for differences in key human resource dimensions followed by a multivariate analysis to see how the combination of factors jointly account for differences.

Nonprofits' size in terms of FTEs play a major role in the patterns we found throughout this analysis. We found there were two conflicting patterns in the use of volunteers. On the one hand, large nonprofits (in terms of FTEs) tend to use a large number of volunteers and also have more volunteer resources (volunteer description, orientation, personnel policies, etc.) in place for volunteers. On the other hand, small nonprofits (in terms of FTEs) have volunteers who are particularly important to their operations, but they lack formalized volunteer resources, perhaps because volunteers do most of the work.

Importance of Volunteers

Our survey asked respondents how important volunteers are to the work of their nonprofit. More than three-fourths (77 percent) of nonprofits consider volunteers to be essential (44 percent) or very important (33 percent).¹¹ An additional 15 percent consider volunteers somewhat important, and only 8 percent of nonprofits said volunteers are either not very important (5 percent) or not at all important (3 percent) to their organization. None considered them to be detrimental. Since only 8 percent of respondents fall into the categories of not very important and not at all important, we combined these two categories for the analysis below. See Figure 25.

Figure 25: Importance of volunteers to Indiana nonprofits (n=809)



¹¹ “Essential” here means nonprofits depend entirely on volunteers to carry out the mission. “Very important” means nonprofits depend on volunteers for a wide range of tasks, but not all. “Somewhat important” indicates nonprofits depend on volunteers for several key tasks. “Not very important” indicates nonprofits depend on volunteers for only non-essential tasks. “Not at all important” means nonprofits could carry out the mission without using volunteers.

Our analysis now focuses on whether any of our basic explanatory factors (age, size, formalization, funding mix, nonprofit field, and charity status) is related to the importance of volunteers for Indiana nonprofits. Only size (FTE) and primary field of activity are significant.

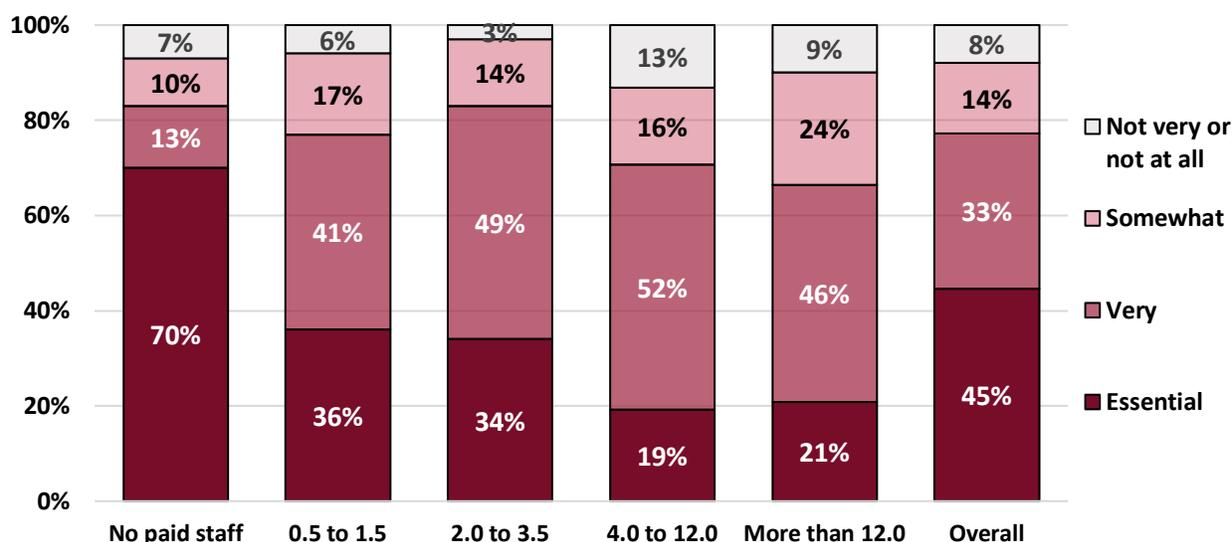
Size in terms of FTE

Volunteers are considered essential to nearly three-fourths (70 percent) of nonprofits with no paid staff members. This is expected considering most nonprofits with no paid staff are fully volunteer run.

Nonprofits with paid staff members have a significantly smaller proportion of nonprofits that consider volunteers essential but are more likely to consider volunteers very important (40 percent or more) than those with no paid staff (13 percent).

More than three-fourths (77 percent) of nonprofits with the fewest paid staff (0.5 to 1.5 FTEs) consider volunteers either essential (36 percent) or very important (41 percent). Even more nonprofits (83 percent) in the next largest category (2.0 to 3.5 FTEs) consider nonprofits either essential (34 percent) or very important (49 percent). By contrast, the largest nonprofits (more than 12 FTEs) have the greatest percentage (33 percent) of nonprofits that consider volunteers either somewhat important (24 percent) or not at all important (9 percent). In short, for nonprofits with more paid staff, volunteers play less essential roles than for nonprofits with fewer FTEs or no paid staff at all.

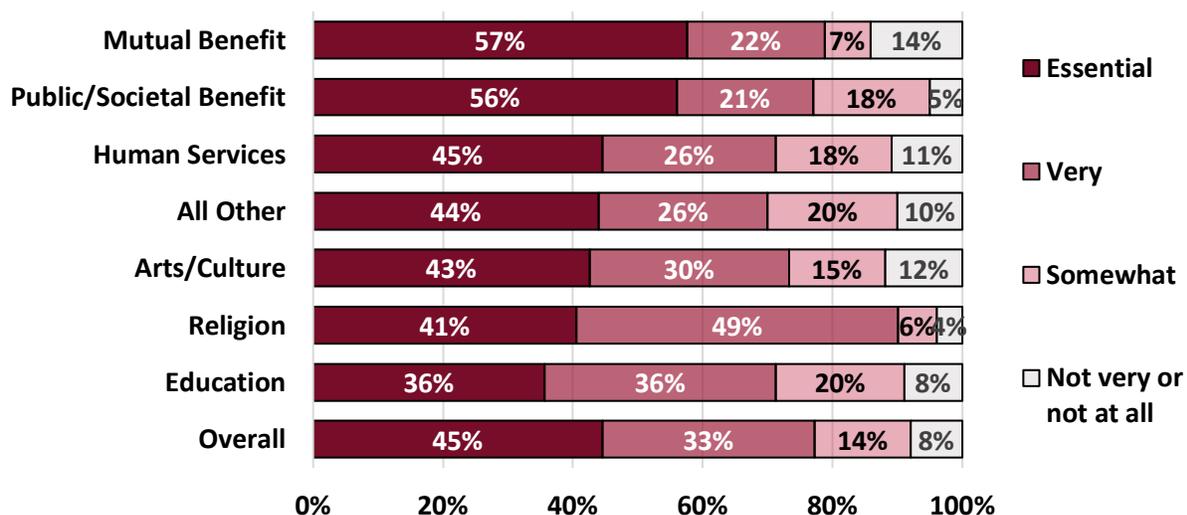
Figure 26: Importance of volunteers to Indiana nonprofits by size in terms of FTE (n=792)



NTEE Field

Religion nonprofits have the greatest reliance on volunteers with 91 percent considering volunteers to be either essential (41 percent) or very important (50 percent). However, mutual benefit (57 percent) and public/societal benefit (56 percent) nonprofits have the greatest proportion of nonprofits that consider volunteers to be essential, but they also have the greatest portion (14 percent) of nonprofits that consider volunteers to be either not very important or not at all important.

Figure 27: Importance of volunteers to Indiana nonprofits by NTEE field (n=809)



Summary

We used a multivariate linear regression to assess which for the full set of explanatory variables – age, size in terms of FTE, formalization, funding mix, NTEE field, and charity – are associated with the importance of volunteers. The regression is highly predictive ($p < 0.001$) and explains 9 percent of the variance. As expected, size in terms of FTE and NTEE field remain significantly related to the importance of volunteers. Funding mix, age, formalization, and charity are not. See Appendix C for additional variables significant at the bivariate level.

- **Size:** Holding all other factors constant, volunteers are significantly less important to larger nonprofits in terms of FTEs.
- **Nonprofit Field:** Health nonprofits consider volunteers to be significantly less important than human service nonprofits. No other field differs significantly from human service nonprofits, once we control for size and all other factors.

Table 5: Estimates for Linear Regression of Importance of Volunteers

Variables Included in the Multivariate Equation	Importance of Volunteers
Age (Decades since Founded)	
Size in terms of FTE	-
Formalization	
Funding Mix (ref=Mixed)	
Funding Mix: Over 50% Donations	
Funding Mix: Over 50% Fees and Sales	
Funding Mix: Over 50% Government	
Funding Mix: Over 50% Special Events	
NTEE Code (ref=Human Services)	
NTEE Code: Arts & Culture	
NTEE Code: Education	

NTEE Code: Environment	
NTEE Code: Health	-
NTEE Code: International	
NTEE Code: Mutual Benefit	
NTEE Code: Public Service	
NTEE Code: Religion	
Charity	

Notes: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationships. The model is $p = .000$, $n = 490$, and Adjusted R-squared = .089 (the proportion of variation in the dependent variable (**importance of volunteers**) explained by the independent variables). We use the natural log of size in terms of FTE and formalization to account for the skew in the distribution of the original versions of the variables. Excluded categories: Funding Mix: Mixed, NTEE Code: Human Services. For full results, see Appendix E.

Volunteer Resources

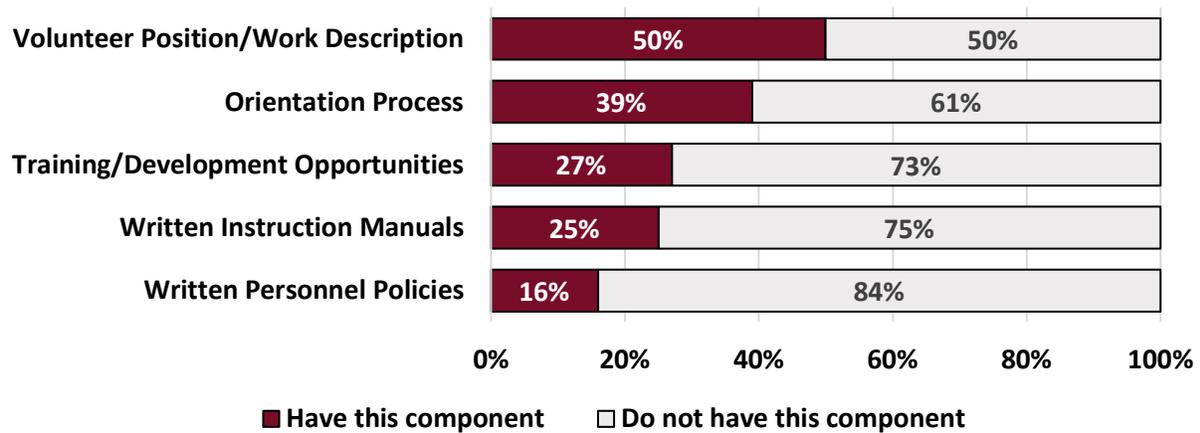
Since volunteers are very important or essential for most (77 percent) Indiana nonprofits, volunteer resources serve an important role in providing direction for volunteers and lowering volunteer turnover rates.¹² However, developing and using volunteer resources requires time and effort and that may be limited for nonprofits with little to no paid staff, suggesting that volunteer-run nonprofits are likely to have fewer volunteer resources.

Our survey asked Indiana nonprofits which, if any, of the following volunteer resources they have available: orientation process, written volunteer instruction manuals, volunteer position/work description, volunteer training/development opportunities beyond orientation (e.g., workshops, conferences), and written volunteer personnel policies (e.g., attendance, disciplinary procedures).

Overall, no more than half of nonprofits have any given volunteer resource. Figure 28 shows the most common volunteer resource (50 percent) is a volunteer position/work description. This is followed by 39 percent of nonprofits with a volunteer orientation process. The remaining three resources are the least prevalent – only a quarter of nonprofits have training/development opportunities for their volunteers (27 percent), or written volunteer instruction manuals (25 percent). Even fewer (16 percent) have written volunteer personnel policies.

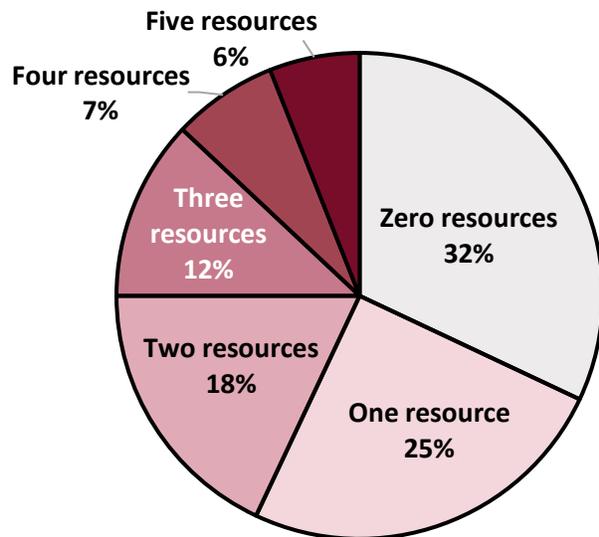
¹² Pynes, J.E. (2013). *Human Resources Management for Public and Nonprofit Organizations: A Strategic Approach* (4th edition). Jossey-Bass.

Figure 28: Presence of volunteer resources in Indiana nonprofits (n=798)



We computed a volunteer resources scale¹³ by counting the number of volunteer resource components nonprofits have in place. The number of resources ranges from 0 to 5 with a mean of 1.6 and a median of 1. Almost a third (32 percent) of Indiana nonprofits (68 percent) have no volunteer resources available and another quarter have only one (25 percent). Very few (6 percent) nonprofits have all five resources. See Figure 29.

Figure 29: Volunteer resources available in Indiana nonprofits (n=798)



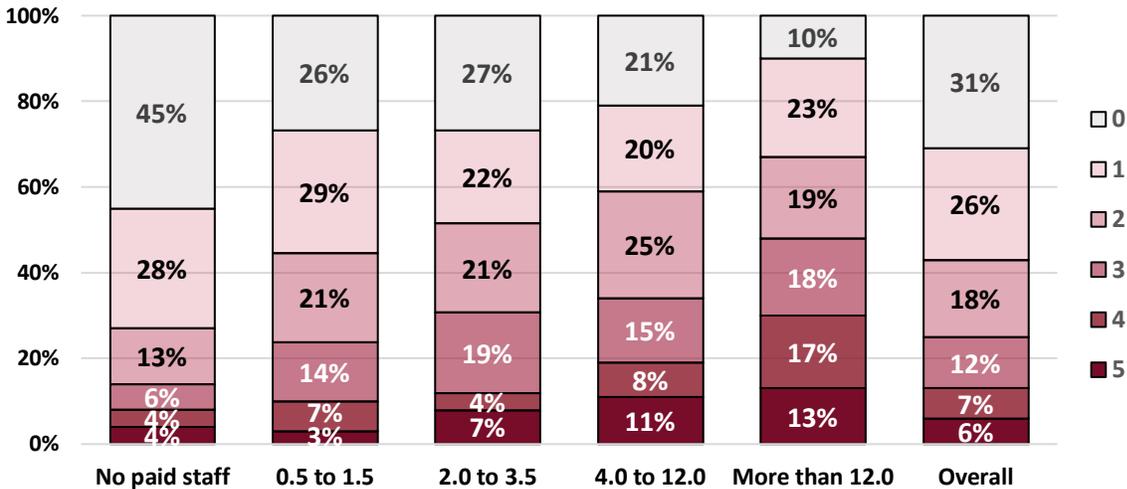
Size in terms of FTE

There is a positive relationship between size in terms of FTEs and number of volunteer resources. This is expected since nonprofits with more FTEs generally have more policies and

¹³ We performed a reliability analysis to confirm that the items included in our measure of volunteer resources do form a scale. Analysis methods and findings are available upon request.

procedures in place overall. Most (90 percent) of the largest nonprofits (more than 12 FTEs) have *at least* one volunteer resource, but the percentage decreases steadily for smaller nonprofits to 74 percent of those with the fewest staff (0.5 to 1.5 FTEs) and 55 percent of those with no staff at all. See Figure 30.

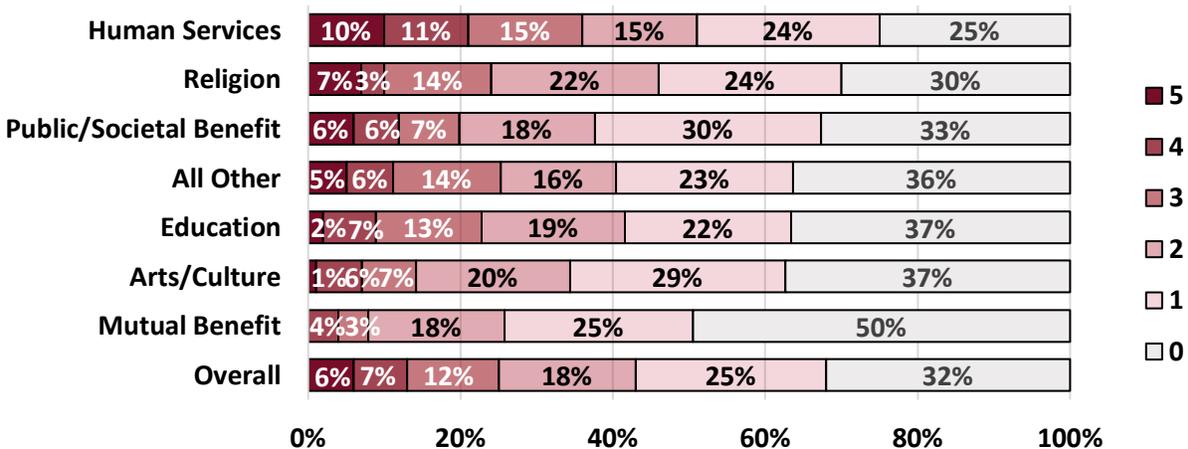
Figure 30: Volunteer resources available in Indiana nonprofits by size in terms of FTE (n=782)



NTEE Field

Volunteer resources also differ based upon NTEE field of activity. Only half of mutual benefit nonprofits have any volunteer resources at all, compared to fully 75 percent of human service nonprofits (the percentage ranges between 60 and 67 percent for all other fields). Similarly, more than a fifth (21 percent) of human service nonprofits have at least four of the five resources in place, compared to only 7 to 12 percent of all other fields.

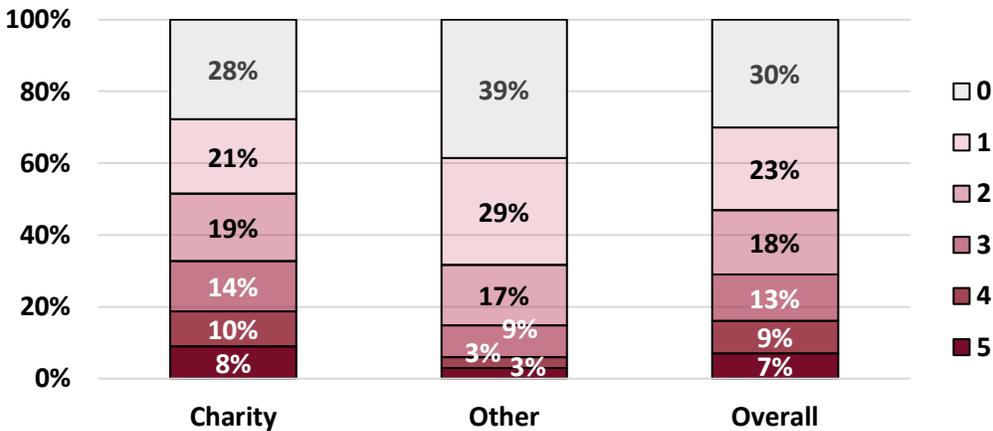
Figure 31: Volunteer resources available in Indiana nonprofits by NTEE field (n=798)



Charity

Nonprofits that are charities are significantly more likely (72 percent) to have at least one volunteer resource than their counterparts (61 percent). They are also more likely to have three or more resources (32 percent vs. 15 percent). We expected charities to have more volunteer resources since these nonprofits often provide broad public benefit services and tend to use volunteers extensively.

Figure 32: Volunteer resources available in Indiana nonprofits by charity (n=526)



Summary

We used a multivariate linear regression to assess which of the five explanatory variables – age, size in terms of FTE, funding mix, NTEE field, and charity – are the most highly associated with volunteer resources. (We exclude formalization from this analysis, since volunteer resources are part of our formalization scale). The regression was highly predictive ($p < 0.001$) and explained 14 percent of the variation among volunteer resources. As expected, based on our analysis above, size (FTE), NTEE field, and charity were all found to be significant in explaining the number of volunteer resources available, controlling for all other factors. See Appendix C for additional variables significant at the bivariate level.

- **Size:** Controlling for all other factors, nonprofits that are larger in terms of FTEs are significantly more likely to have volunteer resources available.
- **Nonprofit Field:** Controlling for size and all other factors, arts and culture, education, health, and religion nonprofits all appear to have significantly less volunteer resources available compared to human service nonprofits (recall that human service nonprofits have the most volunteer resources of any major nonprofit field). However, mutual benefit nonprofits are no longer significantly less likely to have few volunteer resources, probably because we control for size.
- **Public Charity:** Nonprofit charities are likely to have significantly more volunteer resources compared to non-charities, controlling for all other factors.

Table 6: Estimates for Linear Regression of Volunteer Resources

Variables Included in the Multivariate Equation	Volunteer Resources
Age (Decades since Founded)	
Size (In Terms of FTE)	+
Funding Mix (ref=Mixed)	
Funding Mix: Over 50% Donations	
Funding Mix: Over 50% Fees and Sales	
Funding Mix: Over 50% Government	
Funding Mix: Over 50% Special Events	
NTEE Code (ref=Human Services)	
NTEE Code: Arts & Culture	-
NTEE Code: Education	-
NTEE Code: Environment	
NTEE Code: Health	-
NTEE Code: International	
NTEE Code: Mutual Benefit	
NTEE Code: Public/Societal Benefit	
NTEE Code: Religion	-
Charity	+

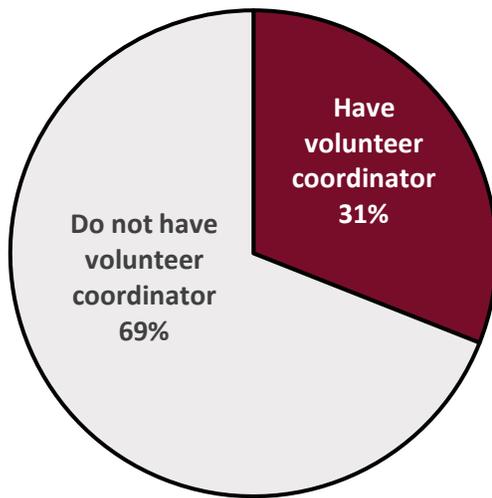
Notes: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationships. The model is significant at $p = .000$, $n = 486$, and Adjusted R-squared = .140 (the proportion of variation in the dependent variable (**volunteer resources**) explained by the independent variables). We use the natural log of size in terms of FTE to account for the skew in the distribution of the original versions of the variables. Excluded categories: Formalization, Funding Mix: Mixed, NTEE Code: Human Services. For full results, see Appendix E.

Volunteer Coordinator

To assist with volunteer management, nonprofits may have an assigned volunteer coordinator, reflecting ongoing commitment to recruiting, retaining, and coordinating volunteers. Our survey asked Indiana nonprofits if they have a volunteer coordinator, and if so, whether the coordinator is paid or not and full-time or not. We consider first whether Indiana nonprofits have a volunteer coordinator before looking at whether the coordinator is a volunteer or paid staff members. Almost a third (31 percent) have a volunteer coordinator. See Figure 33.

We examined whether each of our standing explanatory factor is independently related to whether nonprofits have a volunteer coordinator. This approach considers each explanatory factor separately. Size (FTE), formalization, funding mix, and major field of activity are all significantly related to the presence of a volunteer coordinator.

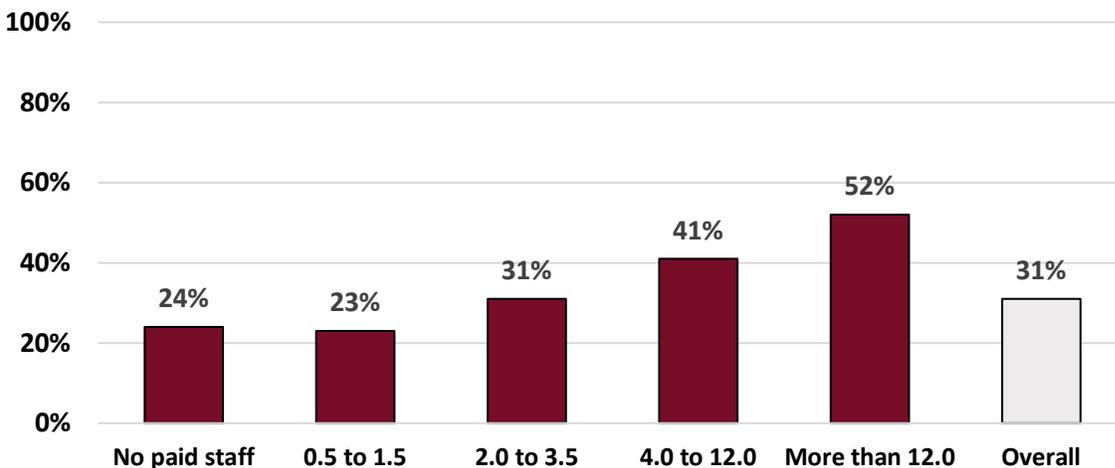
Figure 33: Percentage of Indiana nonprofits with a volunteer coordinator (n=798)



Size in terms of FTEs

As expected, the largest nonprofits (those with more than 12 FTEs) are the most likely (52 percent) to have a volunteer coordinator. The percentage steadily declines for smaller nonprofits to less than a quarter of those with less than 2 FTEs (23 percent) or no staff at all (24 percent). See Figure 34. This positive relationship between size (FTE) and presence of a volunteer coordinator was expected since as we found above, larger nonprofits tend to have more volunteer policies and procedures in place.

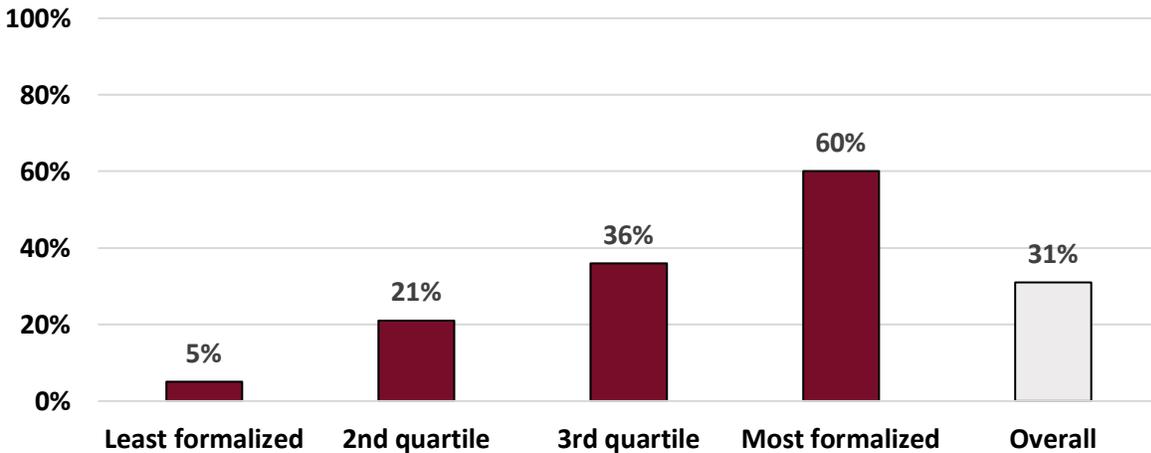
Figure 34: Presence of volunteer coordinator by size in terms of FTE (n=782)



Formalization

As expected, as formalization increases, so does the likelihood of having a volunteer coordinator. More than half (60 percent) of the most formalized nonprofits have a volunteer coordinator, compared to only 5 percent of the least formalized nonprofits.

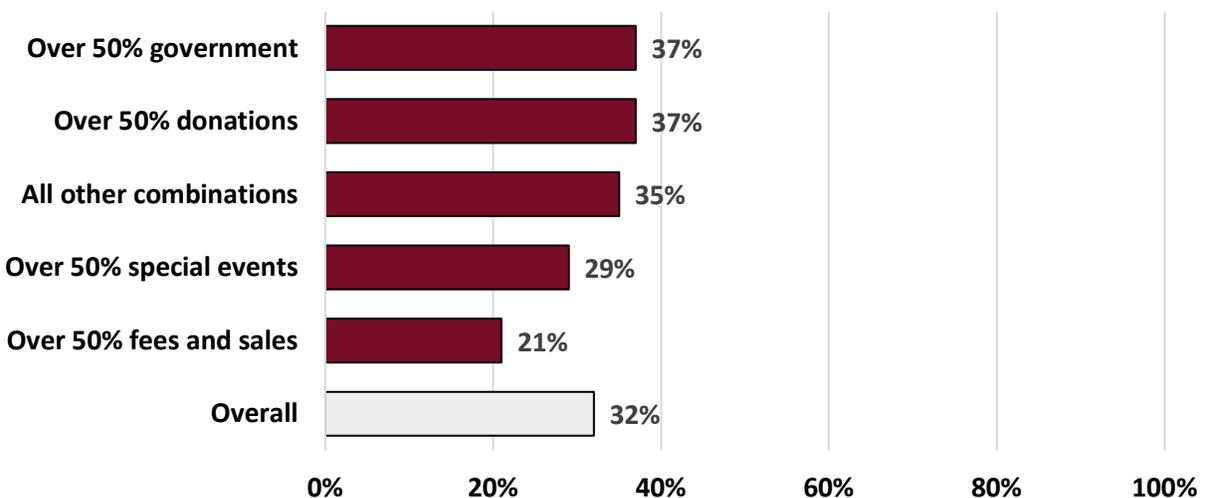
Figure 35: Presence of a volunteer coordinator according to formalization (n=762)



Funding Mix

Nonprofits' funding mix is also significantly related to the presence of a volunteer coordinator. Those that rely mainly on government or donations are significantly more likely to have a volunteer coordinator (37 percent each), compared to only 21 percent of those that rely mainly on fees and sales revenues. These relationships correspond to those found above in relation to staff. Both government and donation revenue streams require ongoing development and maintenance, which corresponds to greater levels of formalization, including in this case, the presence of a volunteer coordinator.

Figure 36: Presence of volunteer coordinator by funding mix (n=733)

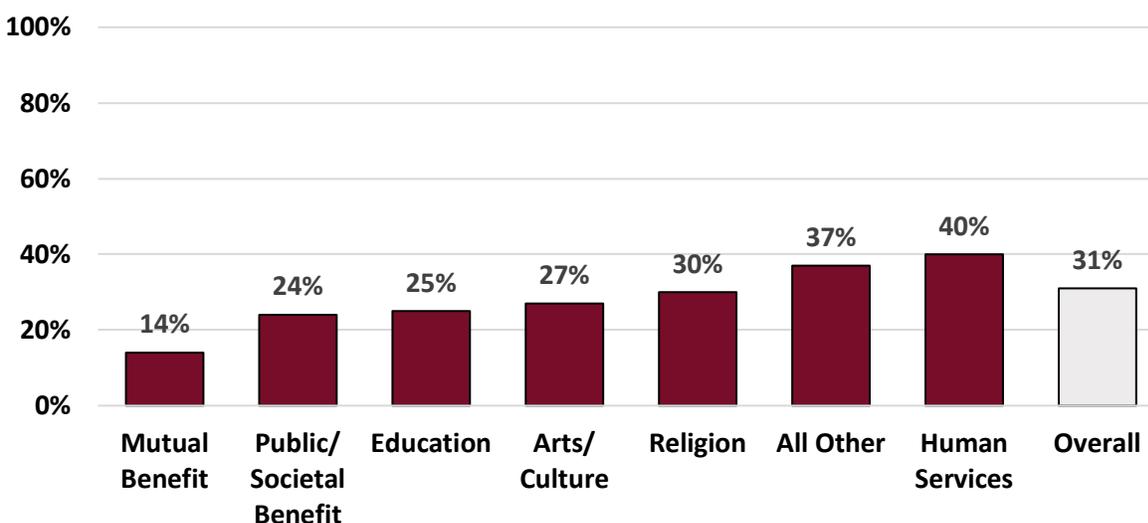


NTEE Field

The presence of a volunteer coordinator differs significantly based upon NTEE field of activity. Overall, about two-fifths of human service nonprofits (40 percent), compared to only 14 percent of mutual benefit nonprofits have a volunteer coordinator. This relationship was expected since human service nonprofits are the most likely to have volunteer resources in place, compared to only half of mutual benefit nonprofits.

About a quarter of public and societal benefit (24 percent), education (25 percent) and arts and culture (27 percent) nonprofits have a volunteer coordinator.

Figure 37: Presence of volunteer coordinator by NTEE field (n=798)



Summary

We used a binary logistic regression to understand which independent variables – age, size in terms of FTE, formalization, funding mix, NTEE field, and charity – are significantly related to the presence of a volunteer coordinator. The regression was highly significant ($p < 0.001$) and explained a notable 36 percent of the variation in having a volunteer coordinator. As Table 7 shows, all the predictors identified above remain significant: FTE, formalization, funding mix, and NTEE field. The remaining factors, age and charity, are not. See Appendix C for additional variables significant at the bivariate level.

- **Size:** Larger nonprofits in terms of FTEs are significantly less likely to have a volunteer coordinator, holding all other factors constant. This relationship is contrary to the findings above when size is assessed independently. We suspect this discrepancy occurred since the multivariate analysis controls for formalization.
- **Formalization:** More formalized nonprofits are significantly more likely to have a volunteer coordinator, holding all other factors constant.
- **Funding Profile:** Nonprofits primarily funded by donations are significantly more likely to have a volunteer coordinator compared to nonprofits with a mix of funding sources, holding all other factors constant. However, the relationships that we found when we looked at particular funding mix categories disappear for those that rely primarily on government funding or on fees and sales.

- **Nonprofit Field:** As expected, public and societal benefit nonprofits are significantly less likely, compared to human service nonprofits, to have a volunteer coordinator when controlling for all other factors.

Table 7: Estimates for Binary Logistic Regression of Presence of Volunteer Coordinator

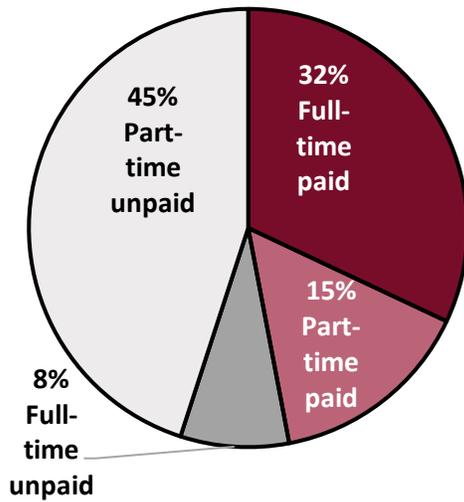
Variables Included in the Multivariate Equation	Volunteer Coordinator
Age (Decades since Founded)	
Size (In Terms of FTE)	-
Formalization	+
Funding Mix (ref=Mixed)	
Funding Mix: Over 50% Donations	+
Funding Mix: Over 50% Fees and Sales	
Funding Mix: Over 50% Government	
Funding Mix: Over 50% Special Events	
NTEE Code (ref=Human Services)	
NTEE Code: Arts & Culture	
NTEE Code: Education	
NTEE Code: Environment	
NTEE Code: Health	
NTEE Code: Mutual Benefit	
NTEE Code: Public/Societal Benefit	-
NTEE Code: Religion	
Charity	

Note: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationships. The model is significant at $p = .000$, Model Chi-square=147.352, $n=483$, and Nagelkerke R-squared=.360 (the proportion of variation in the dependent variable (**presence of a volunteer coordinator**) explained by the independent variables). There are 73.1% estimated correct predictions in the model. We used the natural log of size in terms of FTE and formalization to account for the skew in the distribution of the original version of the variable. Excluded categories: Funding Mix: Mixed, NTEE Code: Human Services, NTEE Code: International. For full results, see Appendix E.

Volunteer Coordinator Compensation

For the 31 percent of nonprofits that have a volunteer coordinator, we asked whether the volunteer coordinator was full-time paid, part-time paid, full-time unpaid, or part-time unpaid. Figure 38 shows the resulting breakdown. Almost half (45 percent) of volunteer coordinators are part-time unpaid. The next largest category (32 percent) are full-time paid volunteer coordinators. See Figure 38.

Figure 38: Volunteer coordinator compensation in Indiana nonprofits (n=235)



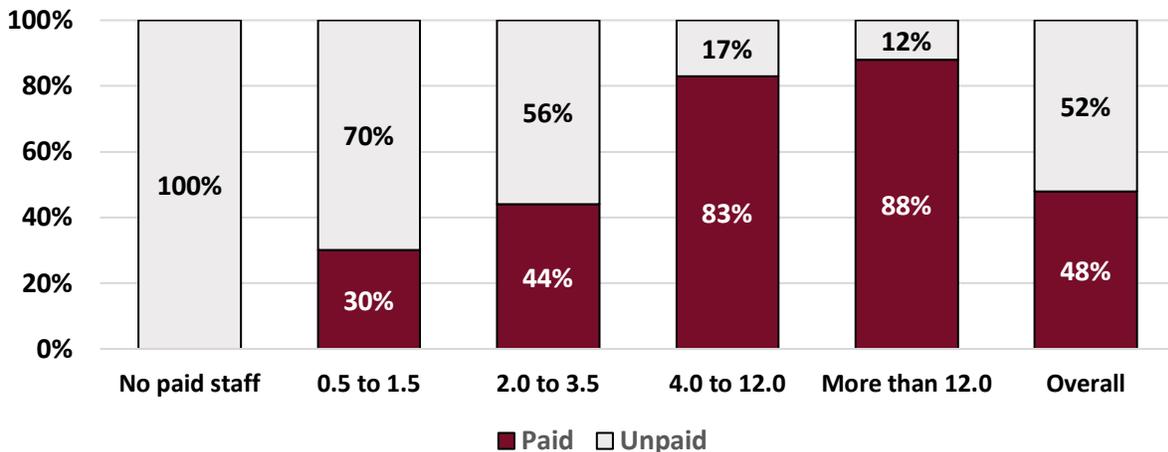
Since there were so few part-time paid (15 percent) volunteer coordinators and even less full-time unpaid (8 percent) volunteer coordinators, in the analysis below we simply distinguish between whether the coordinator is paid (47 percent) or not (53 percent).

Below we assess how each of our basic explanatory factors is related whether the volunteer coordinator is paid or not. Size (FTE) and formalization are both significant in this analysis.

Size in terms of FTE

Whether a volunteer coordinator is paid or unpaid differs greatly depending upon the size of a nonprofit in terms of FTEs. The vast majority (88 percent) of the largest nonprofits (more than 12 FTEs) have a paid volunteer coordinator, as do 83 percent of nonprofits in the next largest category (3.5 to 12 FTEs). By contrast, only 30 percent of nonprofits with very few FTEs (0.5 to 1.5) have a paid volunteer coordinator (30 percent). As expected, all the volunteer coordinators are unpaid for those nonprofits with no paid staff. Figure 39.

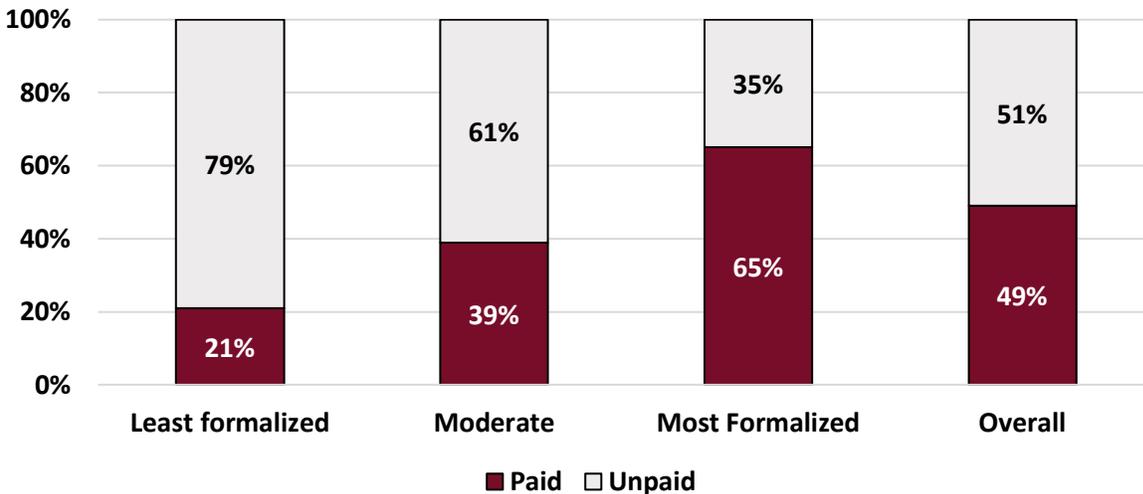
Figure 39: Volunteer coordinator compensation by size in terms of FTE (n=231)



Formalization¹⁴

There is also a significant positive relationship between formalization and having a paid volunteer coordinator, which is expected since formalization and size (above) consistently produce similar relationships. Nearly two-thirds (65 percent) of the most formalized nonprofits have a paid volunteer coordinator, compared to only about a fifth (21 percent) of the least formalized nonprofits, and 39 percent of moderately formalized nonprofits.

Figure 40: Volunteer coordinator compensation by formalization (n=227)



Summary

To jointly assess which independent variables are associated with compensation of volunteer coordinators, we conducted a multivariate binary logistic regression. The regression is highly predicative ($p < 0.001$) and explains fully 65 percent of the variation in the variable. Three of the six explanatory variables are significant. See Table 8. See Appendix C for additional variables significant at the bivariate level.

- **Size:** As expected, larger nonprofits in terms of FTEs are significantly more likely to have a paid volunteer coordinator, controlling for all other factors.
- **Formalization:** More formalized nonprofits are significantly more likely to have a paid volunteer coordinator, controlling for all other factors.
- **Nonprofit Field:** Though NTEE field was not significant in the bivariate relationships, once we control for all other factors, health and religion nonprofits are significantly less likely to have a paid volunteer coordinator than human service nonprofits.

¹⁴ We combined the least formalized quartile with the 2nd quartile in this case to form “least formalized” due to low response rates.

Table 8: Estimates for Binary Logistic Regression of Volunteer Coordinator Compensation

Variables Included in the Multivariate Equation	Volunteer Coordinator Compensation
Age (Decades since Founded)	
Size (In Terms of FTE)	+
Formalization	+
Funding Mix (ref=Mixed)	
Funding Mix: Over 50% Donations	
Funding Mix: Over 50% Fees and Sales	
Funding Mix: Over 50% Government	
Funding Mix: Over 50% Special Events	
NTEE Code (ref=Human Services)	
NTEE Code: Arts & Culture	
NTEE Code: Education	
NTEE Code: Environment	
NTEE Code: Health	-
NTEE Code: Mutual Benefit	
NTEE Code: Public/Societal Benefit	
NTEE Code: Religion	-
Charity	

Note: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationships. The model is significant at $p = .000$, Model Chi-square = 113.976, $n = 169$, and Nagelkerke R-squared = .654 (the proportion of variation in the dependent variable (**volunteer coordinator compensation**) explained by the independent variables). There are 86.4% estimated correct predictions in the model. We used the natural log of size in terms of FTE and formalization to account for the skew in the distribution of the original version of the variable. Excluded categories: Funding Mix: Mixed, NTEE Code: Human Services, NTEE Code: International. For full results, see Appendix E.

Challenges Managing Volunteers

As we have shown above, volunteers are very important to Indiana nonprofits, although their importance may depend on the role they play in the organization. For example, in some cases, volunteers provide direct services. As a result, recruiting, training, and evaluating volunteers' performance is likely to be important for maintaining service quality and the nonprofits' reputation.¹⁵ Recruitment is also an opportunity for nonprofits to assess the commitment of volunteers and match volunteers' skill sets to potential tasks.¹⁶ Active recruitment helps nonprofits secure volunteers, since not being asked is a commonly cited reason people choose not to volunteer. Other commonly cited volunteer barriers include lack of transportation, lack of

¹⁵ Worth, M.J. (2021). *Nonprofit Management: Principles and Practice* (6th edition). Sage.

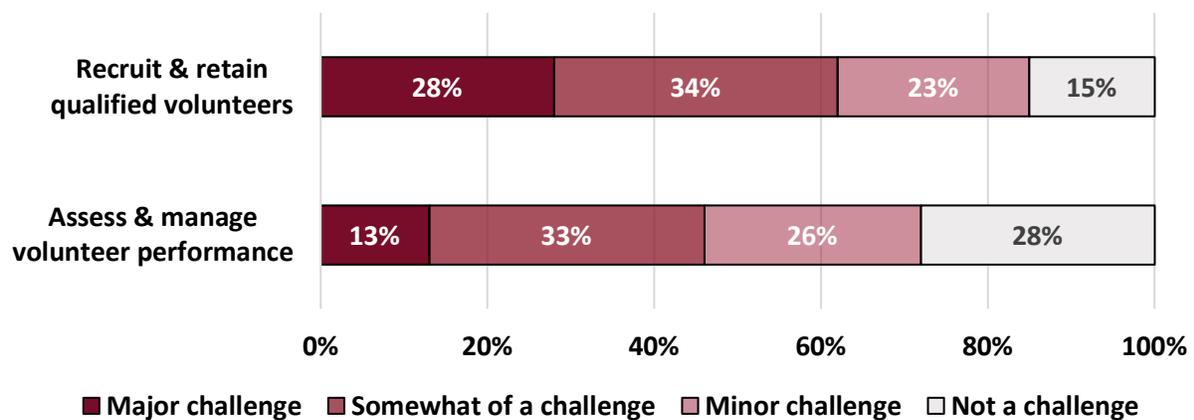
¹⁶ Worth, 2021.

resources such as time and information, and lack of clear instructions about how to become involved.¹⁷

As noted above, many Indiana nonprofits have relatively few resources in place for managing volunteers and less than one-third have a volunteer coordinator, and of these, less than half are paid. We therefore also considered the extent to which Indiana nonprofits experience volunteer-related challenges: recruiting and retaining qualified volunteers and assessing and managing volunteer performance. Respondents were asked to rank these two challenges from (1) not a challenge to (4) major challenge, removing nonprofits that ‘don’t do this activity.’ See Figure 41.

Overall, recruiting and retaining qualified volunteers is the greatest of the two challenges for Indiana nonprofits. Nearly two-thirds (62 percent) of nonprofits consider volunteer recruitment and retention to be either a major challenge (28 percent) or somewhat of a challenge (34 percent), compared to less than half (46 percent) who said that assessing and managing volunteer performance is either a major challenge (13 percent) or somewhat of a challenge (33 percent).

Figure 41: Extent of volunteer challenges in Indiana nonprofits (n=665-777)

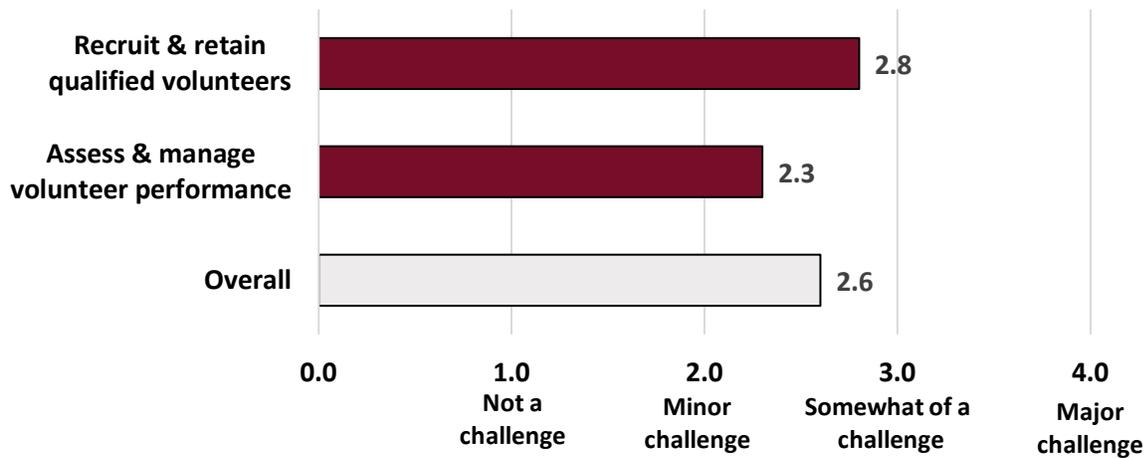


We computed an average volunteer challenge scale¹⁸ for the two challenge indicators above. See Figure 42. The mean for volunteer challenges is 2.6 with a median of 3.0. We considered our standard explanatory factors (age, size, formalization, funding mix, nonprofit field, and charity status), but also at whether volunteer challenges are related to having volunteer resources in place. Formalization and volunteer resources are significant in the bivariate relationship.

¹⁷ Pynes, 2013. Sundeen, R.A., Raskoff, S.A., & Garcia, M. C. (2007). Differences in perceived barriers to volunteering to formal organizations: Lack of time versus lack of interest. *Nonprofit management & leadership*, 17(3), 279-300. DOI: 10.1002/nml.150

¹⁸ We performed a reliability analysis to confirm that the items included in our measure of volunteer challenges do form a scale. Analysis methods and findings are available upon request.

Figure 42: Average level of volunteer challenges for Indiana nonprofits (n=665-780)

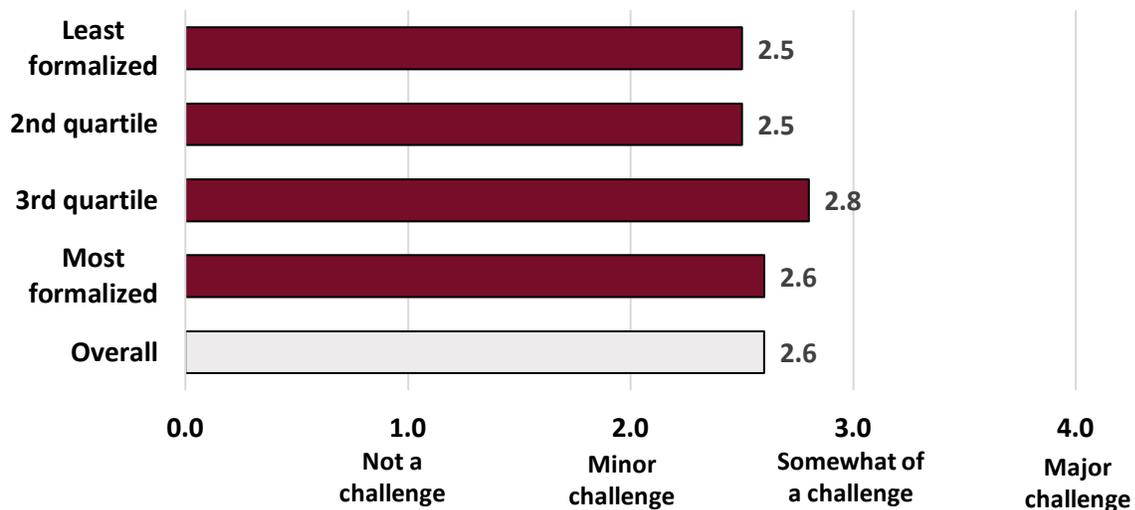


Formalization

The most formalized nonprofits and nonprofits in the 3rd quartile experience the greatest average level of volunteer management challenges. Nonprofits in the 3rd quartile report the highest average of challenges managing volunteers (2.8 average), which is followed by the most formalized nonprofits that report an average of 2.6 on the challenge scale.

We do not think this relationship indicates that higher levels of formalization create challenges. Rather, we suspect nonprofits' size in terms of FTE plays a major role in the patterns we found throughout this analysis.

Figure 43: Average level of volunteer challenges by formalization (n=747)

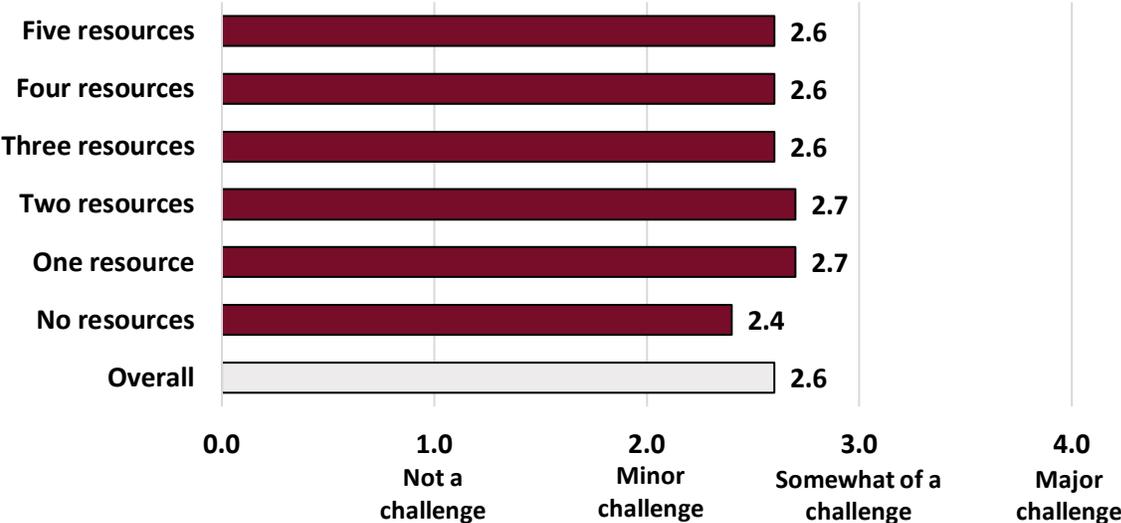


Volunteer Resources

Overall, nonprofits with one or two volunteer resources tend to indicate the highest average of challenges managing volunteers (2.7 average). This is closely followed by nonprofits with three, four, or five resources which all report an average of 2.6 on the challenge scale. Nonprofits with no volunteer resources report the lowest level of challenges managing volunteers (2.4 average).

Consistent with the findings above, we believe size in terms of FTE plays a major role in these patterns, and we do not think this relationship means that having volunteer resources creates challenges. We found there are two conflicting patterns in the use of volunteers. In one instance, large nonprofits tend to use a large number of volunteers within operations. These large nonprofits (in terms of FTEs) tend to have volunteer resources in place for volunteers. On the other hand, small nonprofits (in terms of FTEs) also have a large proportion of volunteers, who are particularly important, but they lack formalized volunteer resources.

Figure 44: Average level of volunteer challenges by volunteer resources (n=761)



Summary

We ran a multivariate linear regression to assess which of the five explanatory variables – age, size in terms of FTE, formalization, funding mix, and NTEE field – are associated with the extent nonprofits experience volunteer management challenges. The regression model was significant ($p < 0.05$) though it only explained 2 percent of the variance. Two variables were significant. See Table 9.

- **Formalization:** Controlling for all other factors, more formalized nonprofits are likely to have significantly more volunteer management challenges.
- **Nonprofit Field:** Public and societal benefit nonprofits appear to have fewer volunteer management related challenges than human service nonprofits (the comparison group), holding all other factors constant. We speculate that managing volunteers may be more challenging for human service nonprofits, since that may involve managing their involvement in providing direct services to vulnerable clients.

Table 9: Estimates for Linear Regression of Volunteer Challenges

Variables Included in the Multivariate Equation	Volunteer Challenges
Age (Decades since Founded)	
Size (in terms of FTE)	
Formalization	+
Funding Mix (ref=Mixed)	
Funding Mix: Over 50% Donations	
Funding Mix: Over 50% Fees and Sales	
Funding Mix: Over 50% Government	
Funding Mix: Over 50% Special Events	
NTEE Code (ref=Human Services)	
NTEE Code: Arts & Culture	
NTEE Code: Education	
NTEE Code: Environment	
NTEE Code: Health	
NTEE Code: International	
NTEE Code: Mutual Benefit	
NTEE Code: Public/Societal Benefit	-
NTEE Code: Religion	

Notes: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationships. The model is significant at $p = .037$, $n = 701$, and Adjusted R-squared = .016 (the proportion of variation in the dependent variable (**volunteer challenges**) explained by the independent variables). We use the natural log of size in terms of FTE and formalization to account for the skew in the distribution of the original versions of the variables. Excluded categories: Funding Mix: Mixed, NTEE Code: Human Services, Charity. For full results, see Appendix E.

BOARD OF DIRECTORS

All organizations need some way for decisions to be made – usually codified in some form of leadership structure. Most nonprofits have a governing board, although a few have other governance structures as we show below. When present, the governing board, often referred to as the Board of directors or just the Board,¹⁹ has ultimate responsibility for ensuring the organization is adhering to its mission and does so responsibly. This is usually referred to as excising three core fiduciary duties: duty of loyalty (to the mission), duty of care (using best practices to protect all types of organizational assets) and duty of obedience (adhering all applicable law and regulations).²⁰

¹⁹ Nonprofits that are established as legal trusts usually have a Board of Trustees, with some additional legal responsibilities. See <https://charitylawerblog/2016/04/24/nonprofit-jargon-buster-directors-vs-trustees/>

²⁰ See <https://www.councilofnonprofits.org/tools-resources/board-roles-and-responsibilities>.

Depending upon the lifecycle stage of nonprofits, board roles may differ significantly. Some boards are working boards and carry out all responsibilities themselves, sometimes coordinating other volunteers. However, as we showed earlier, 43 percent of Indiana nonprofits have a paid executive director – full-time or part-time. In these cases, the board is responsible for monitoring and ultimately hiring or firing that individual as part of its fiduciary responsibilities.²¹

In this section of our report, we take a closer look at the final component of nonprofit human resources – the board of directors. We consider both whether Indiana nonprofits have a board of directors and if so, how the board selected. We then turn to a closer look at the number of board of directors and number of board vacancies. We consider board vacancies particularly important, since our previous analyses have shown that vacancies appear related to a broad range of organizational challenges.

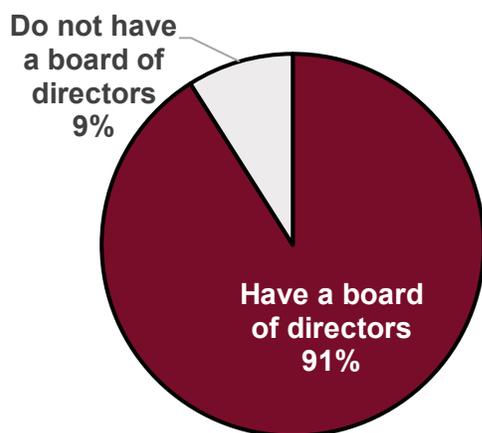
We also examine what kind of resources nonprofits have in place for their boards, such as board member job descriptions, written board personnel policies, board orientations, and more. We explore those issues below in conjunction along with common board management challenges.

As in previous sections of the report, we begin our analysis considering how each of the basic explanatory factors – age, size, formalization, funding mix, nonprofit field, and charity status – by themselves account for differences in key human resource dimensions followed by a multivariate analysis to see how the combination of factors jointly account for differences.

Presence of a Board of Directors

Our survey asked Indiana nonprofits if they currently have a board of directors. Almost all (91 percent) of Indiana nonprofits have a board of directors or the equivalent.²² See Figure 45. The rest are closely affiliated with other organizations that appear to have some authority over the organization.

Figure 45: Presence of a board of directors among Indiana nonprofits (n=937)



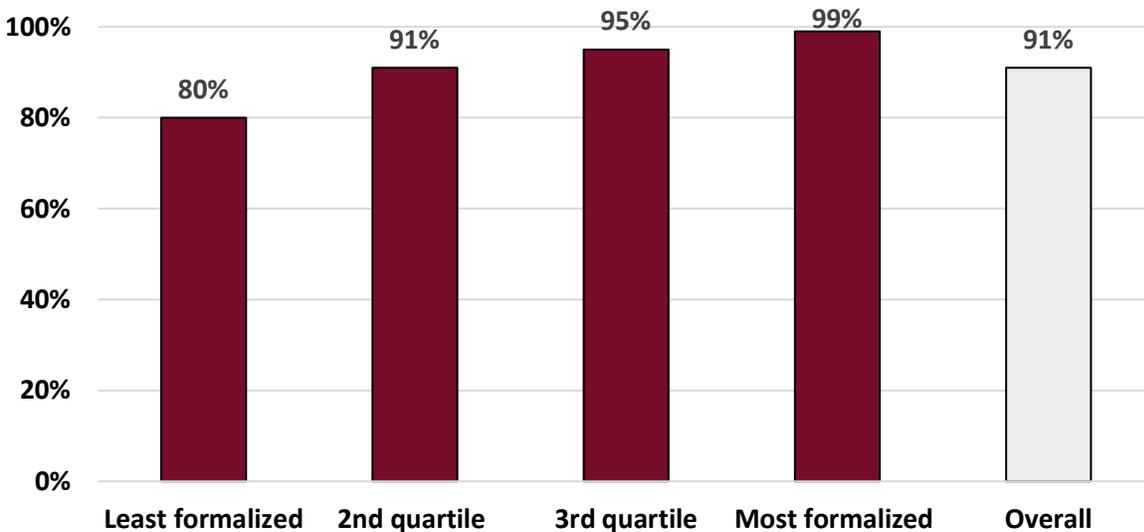
²¹ Pynes, 2013. Word & Sowa, 2017.

²² Nonprofits that specified the functional equivalent of a board of directors were included in this count. This includes nonprofits with an administrative council, trustees, and elected officers.

Formalization

Having a board of directors is about equally prevalent across all the organizational dimensions we have examined, with one exception – degree of formalization. Nearly all (99 percent) of the most formalized nonprofits have a board of directors. The percentage with a board of directors drops steadily as the level of formalization declines, but only to 80 percent for the least formalized nonprofits – still a substantial majority.

Figure 46: Percentage of Indiana nonprofits with a board of directors by formalization
(n=884)



Summary

We ran a binary logistic regression to jointly assess which of the six explanatory variables is the most closely associated with the presence of a board of directors. The regression was highly predictive ($p < 0.001$) and explained 34 percent of the variation. See Appendix D for additional variables significant at the bivariate level.

- **Formalization:** Consistent with our analysis above, nonprofits that are more formalized are significantly more likely to have a board of directors, controlling for all other factors.
- **Funding Profile:** Although not significant in the bivariate relationships, when we control for all other organizational factors, nonprofits primarily funded by special events, fees and sales, or government are significantly less likely to have a board of directors when compared to nonprofits with a mix of funding.

Table 10: Estimates for Binary Logistic Regression of Presence of a Board of Directors

Variables Included in the Multivariate Equation	Board of Directors
Age (Decades since Founded)	
Size in terms of FTE	
Formalization	+
Funding Mix (ref=Mixed)	
Funding Mix: Over 50% Donations	
Funding Mix: Over 50% Fees and Sales	-
Funding Mix: Over 50% Government	-
Funding Mix: Over 50% Special Events	-
NTEE Code (ref=Human Services)	
NTEE Code: Arts & Culture	
NTEE Code: Education	
NTEE Code: Environment	
NTEE Code: Health	
NTEE Code: Mutual Benefit	
NTEE Code: Public/Societal Benefit	
NTEE Code: Religion	
Charity	

Note: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationship. The model is significant at $p = .000$, Model Chi-square=67.858, $n = 554$, and Nagelkerke R-squared=.335 (the proportion of variation in the dependent variable (**presence of a board of directors**) explained by the independent variables). There are 95.1% estimated correct predictions in the model. We used the natural log of size in terms of FTE and formalization to account for the skew in the distribution of the original version of the variable. Excluded categories: Funding Mix: Mixed, NTEE Code: Human Services, NTEE Code: International. For full results, see Appendix E.

Board Member Selection

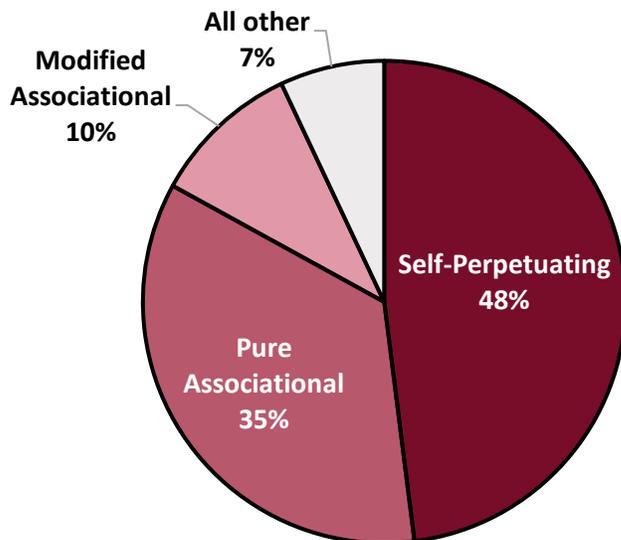
Given the importance of the board in governing nonprofits, finding “good” board members – people who are able and willing to carry out the full set of board responsibilities, is critical. The process is usually spelled out in the organization’s by-laws and/or articles of incorporation. There are two major models for selecting board members, along with some mixed models and variations. One of the most common models is the self-perpetuating board, where current board members select new members, often with input from the executive staff. By contrast, in the “association” model, members of the association select board members through a formal voting process.

Our survey asked Indiana nonprofits to indicate who has primary responsibility for selecting new board members: current board members (e.g., via board vote), staff (e.g., via appointment), members (e.g., via election), or by some other mechanism. Based upon respondents’ answers,

we formed four different categories: (1) current board members with or without staff input²³, (2) members only²⁴, (3) members plus some other mechanism²⁵, (4) all other²⁶. Hereafter, we refer to the model where the current board, (with or without staff input) select new board members as the “self-perpetuating” board selection model. The model where just members of the association select new board members will be referred to as the “pure associational” board selection model, and the practice of new board members selected by members plus some other mechanism will be referred to as the “modified associational” board selection model. The “all other” category will remain “all other”.

Almost half (48 percent) appear to fit the “self-perpetuating” model of board selection where current board members select new board members. This includes 42 percent where only current board members play a role, and 6 percent that also rely on input from staff. Almost as many (45 percent) fit the association model, where the association’s members have a formal role in electing the board. This includes more than a third (35 percent) where only members have a formal role (the “pure association” model) and another 10 percent where staff and current board members also play a role (the “modified association” model). For the remaining 7 percent of Indiana nonprofits, board members are selected through a variety of other combinations or mechanisms. See Figure 47.

Figure 47: Board selection mechanism in Indiana nonprofits (n=815)



The use of these board selection models differs across a number of basic organizations characteristics that form a coherent whole. In general, we expect membership associations to provide members with the opportunity to elect board members, to help ensure that the board

²³ This category includes respondents that selected either ‘current board members’ or selected both ‘current board members’ and ‘staff’.

²⁴ This category includes only those respondents that selected ‘members’.

²⁵ This category includes those respondents that selected either both ‘members’ and ‘staff’, both ‘members’ and ‘board’, or all ‘members’, ‘staff’, and ‘board’.

²⁶ This category includes those that selected ‘staff’ only or any other combination of responses not specified in the above categories (e.g., both ‘board’ and ‘other’).

represent member interests. Membership associations with this type of structure tend to be older, smaller, rely on member dues or similar earned income, and many are registered with the IRS under subsections other than 501(c)(3).

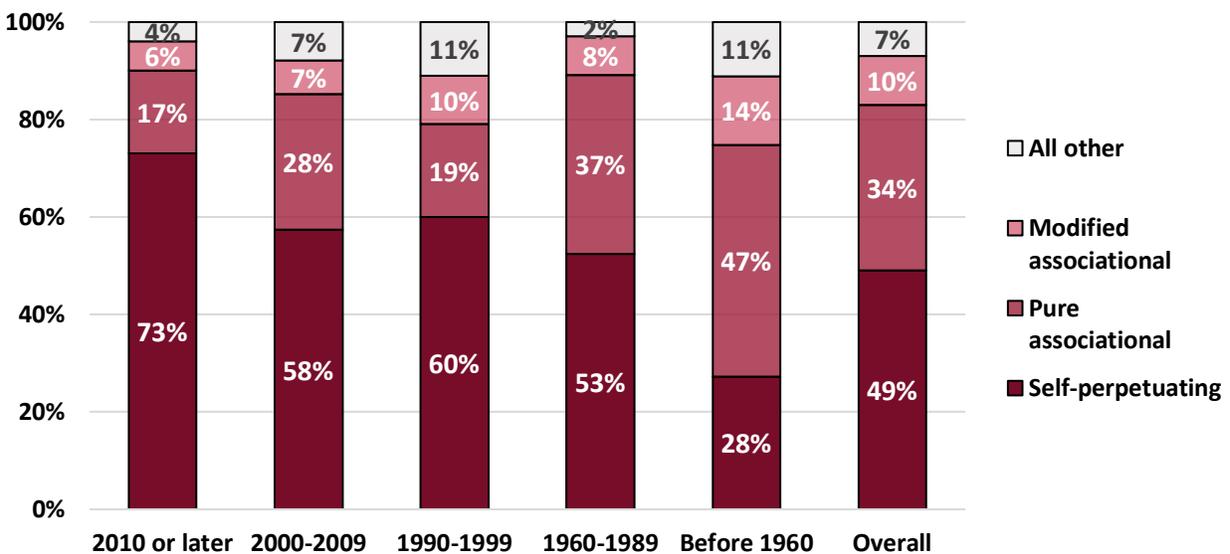
By contrast, nonprofits that rely on existing board members to identify their own replacements tend to be charities, providing broad community services (e.g., human services, health, arts and culture). This mechanism allows them to ensure that important community constituencies are represented on the board. Because of the types of services they provide, they also are able to obtain access to external subsidies (such as government, donations) and are larger and more formalized. Our findings support these interpretations.

Age

In general, younger nonprofits are more likely to use the self-perpetuating board model than older ones. The percentage using this model declines from 73 percent for the youngest nonprofits (established 2010 or later) to 28 percent of those established prior to 1960. The same is true for more than half (58 percent) of nonprofits established between 2000-2009, between 1990-1999 (60 percent), and between 1960-1989 (53 percent).

By contrast, the oldest nonprofits (established before 1960) are significantly more likely (47 percent) to have a pure associational model where board members only elect new board members.

Figure 48: Board selection mechanism in Indiana nonprofits by age (n=766)

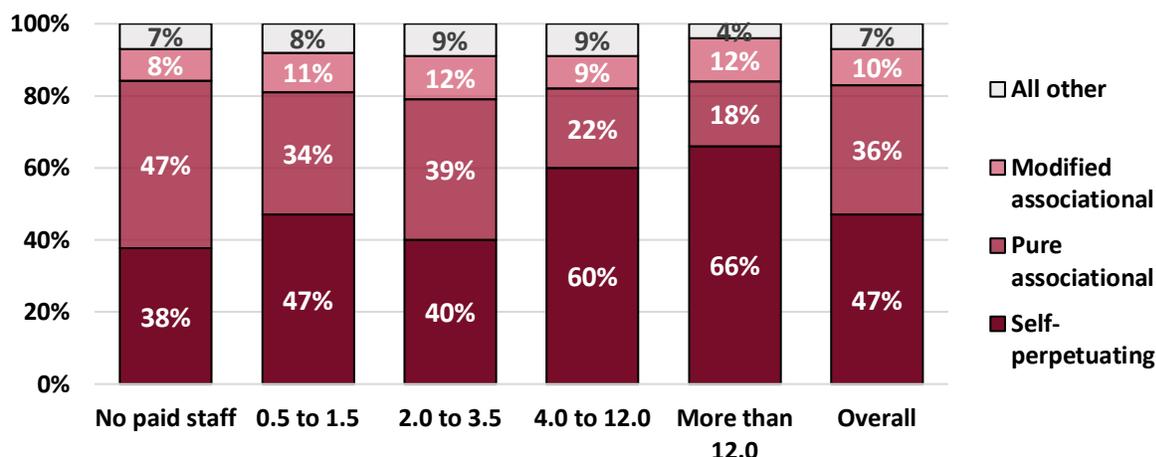


Size in terms of FTE

Nonprofits with the largest staff size in terms of FTEs are significantly more likely to use the “self-perpetuating” model to select new board members. About two-thirds (66 percent) of nonprofits in the largest staff size (more than 12 FTEs) use this model, as do 60 percent of the next smaller size (4.0 to 12.0 FTEs), compared to only 38 percent with no paid staff.

Nonprofits with no paid staff disproportionately use the “association” model. Almost half (47 percent) have new board members selected by the pure associational model (e.g., via election), compared to only about one-fifth of the two largest size categories.

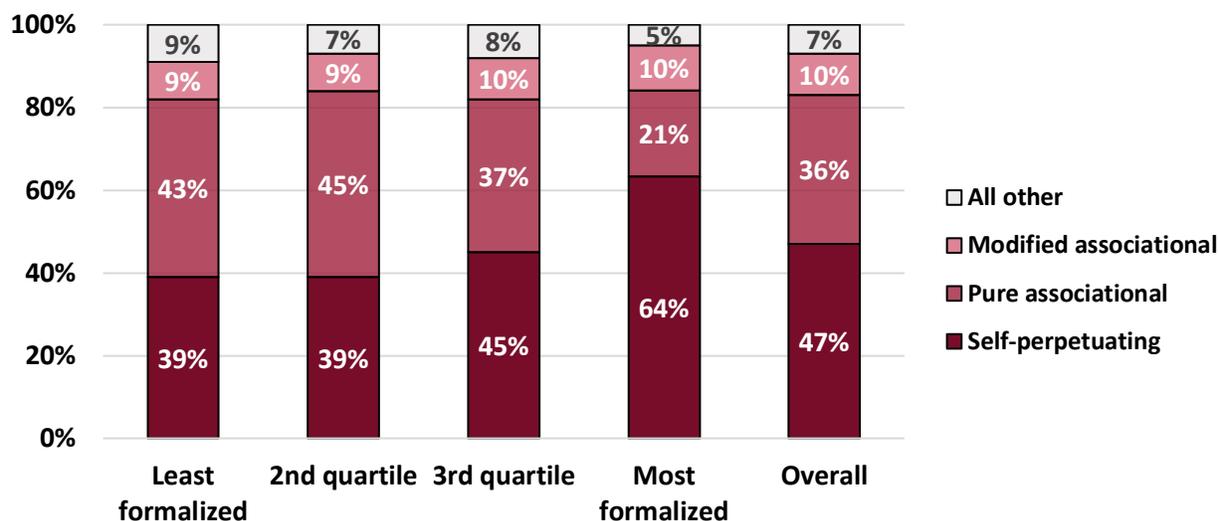
Figure 49: Board selection mechanism in Indiana nonprofits by size in terms of FTEs (n=795)



Formalization

Nearly two-thirds (64 percent) of the most formalized nonprofits use the self-perpetuating board model compared to only 39 percent of nonprofits with the lowest level of formalization. As we noted above, the self-perpetuating model is most prevalent among larger nonprofits and larger nonprofits tend to be more formalized. More than half of those in the two lowest quartiles of formalization provide members with a formal role in selecting board members, using either the pure associational model (43-45 percent) or the modified associational model (9 percent). In short, nonprofits using the associational models tend to be less formalized, and as we noted earlier, also have relatively few FTEs.

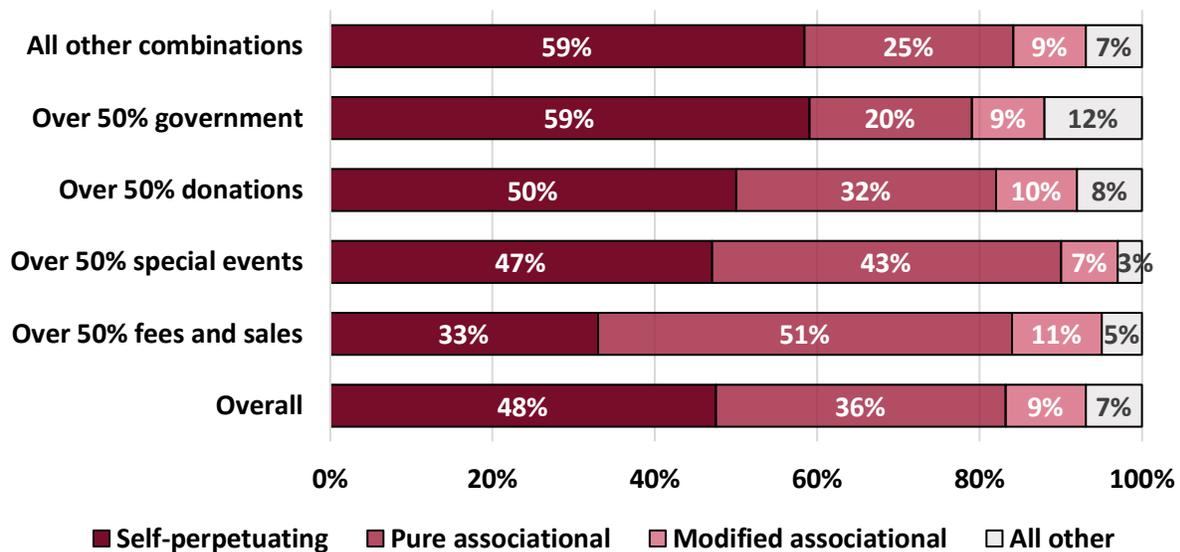
Figure 50: Board selection mechanism in Indiana nonprofits by formalization (n=776)



Funding Mix

The self-perpetuating board model is prevalent among nonprofits that receive most of their income from a mix of funding sources or rely primarily on government funding (both 59 percent) or from donations (50 percent). These sources of revenues tend to be more available to nonprofits providing services to a wide range of community residents, so the pattern is consistent with the differences among fields of activity we describe below. By contrast, the pure associational model is most prevalent among nonprofits that rely primarily on fees and sales, including dues (51 percent), or on special events (43 percent).

Figure 51: Board selection mechanism in Indiana nonprofits by funding mix (n=747)



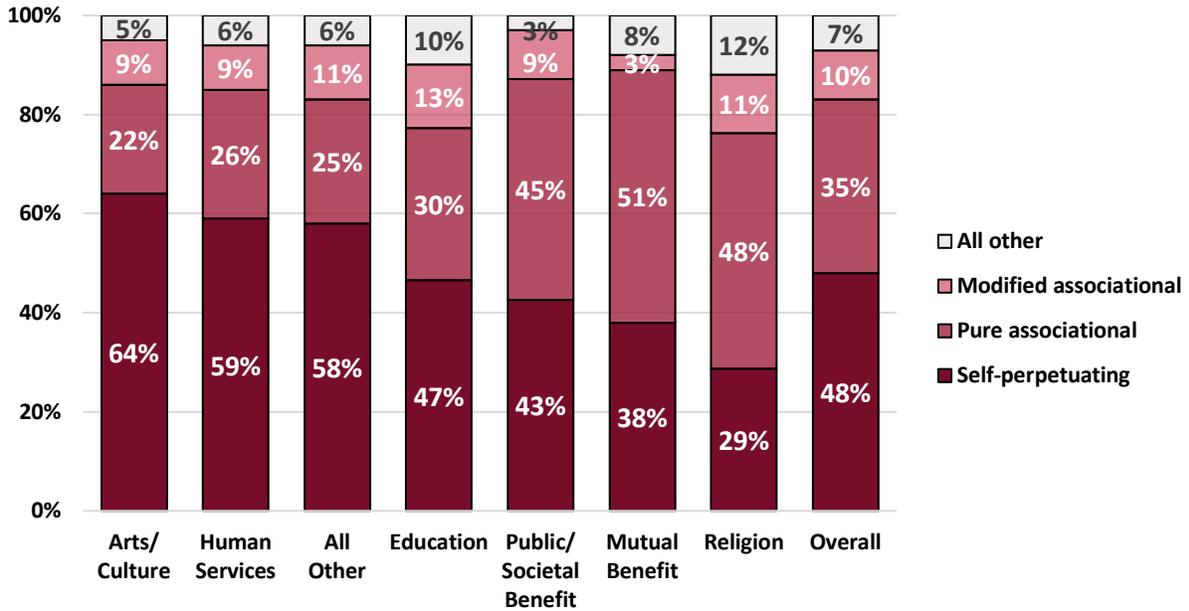
NTEE Field

Board selection mechanisms also vary significantly across major fields of operation. Half or more of all nonprofits in the traditional charitable service fields use the self-perpetuating model: arts, culture and humanities (64 percent), human services (59 percent) and all other fields (health, environment/animals, international, 58 percent), followed by education nonprofits (47 percent).

More than half of nonprofits in the remaining fields (54 to 60 percent) rely on the associational models. As one might expect, more than half (51 percent) of mutual benefit nonprofits use the pure associational model with another 3 percent using the modified associational model. As expected, congregations also give a primary role to their members with about 60 percent, using the pure associational model (48 percent) or the modified associational model (12 percent).

Public and societal benefit organizations (which include community benefit organizations and civil right and civil liberty organizations) are more evenly split between the two models. Almost half (48 percent) use the associational model (including 45 percent that fit the “pure” associational model) and 43 percent use the self-perpetuating model.

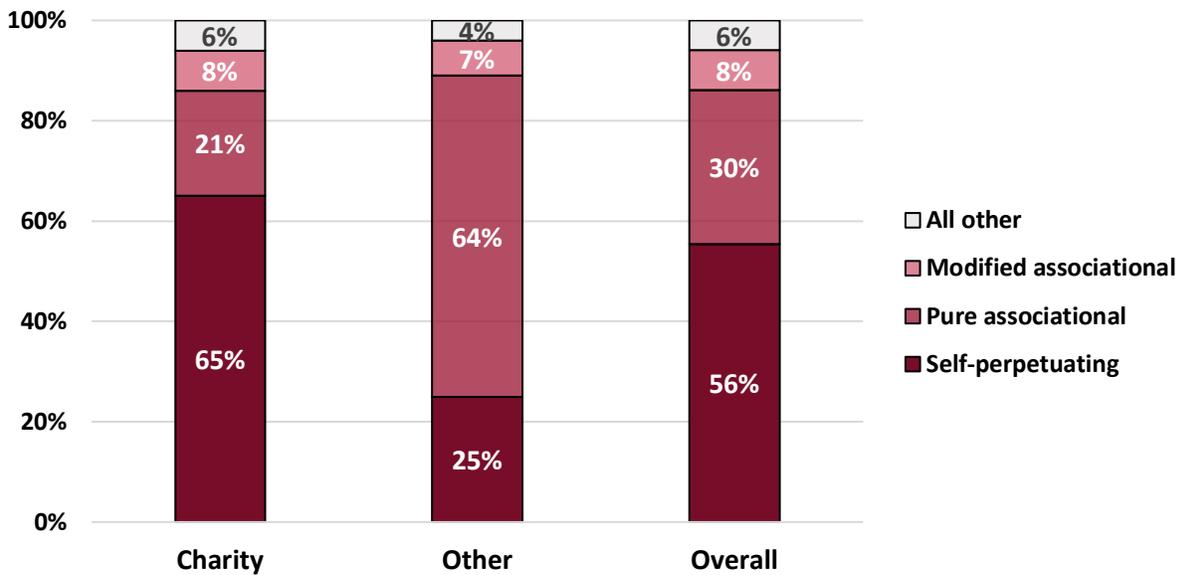
Figure 52: Board selection mechanism in Indiana nonprofits by NTEE field (n=815)



Charity

As expected, public charities are significantly more likely (65 percent) to select new board members using the self-perpetuating model, compared to only 25 percent of non-charities. By contrast, non-charities overwhelmingly (71 percent) use the pure associational model (64 percent) or the modified associational model (7 percent).

Figure 53: Board selection mechanism in Indiana nonprofits by charity (n=553)

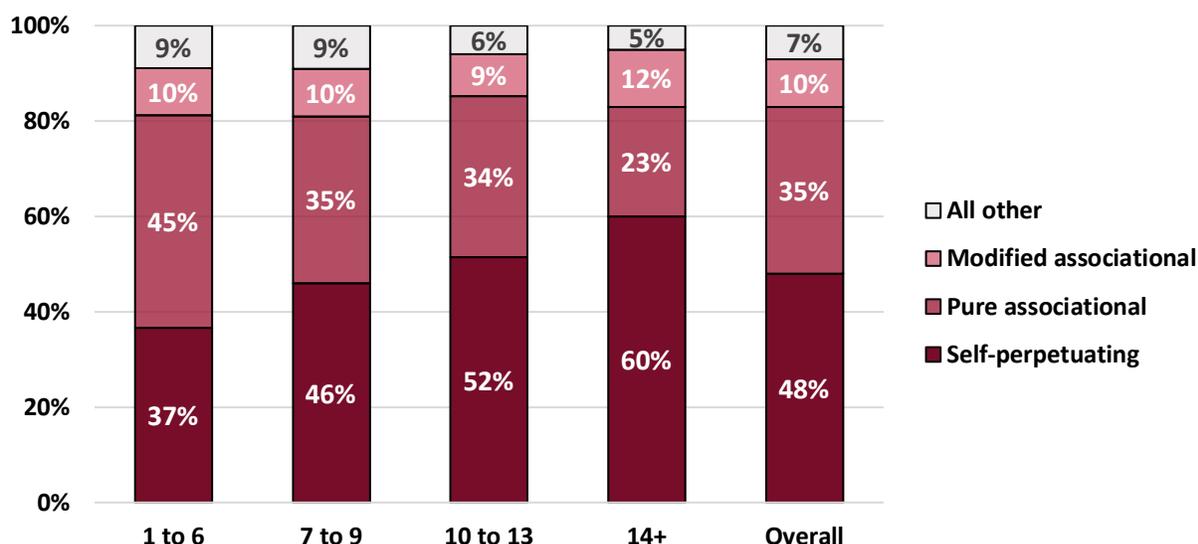


Number of Board Members

As expected, nonprofits with the largest board sizes (14 or more members) are most likely to have a self-perpetuating board selection model (60 percent). This is followed by slightly more than half (52 percent) of nonprofits with 10 to 13 board members, 46 percent of nonprofits with 7 to 9 board members, and 37 percent of nonprofits with 1 to 6 board members.

Nearly half of nonprofits (45 percent) with the smallest board size (1 to 6 members) elect new board members using a pure associational model.

Figure 54: Board selection mechanism in Indiana nonprofits by number of board members (n=803)



Summary

We ran three binary logistic regressions to jointly assess which of the six explanatory variables are the most closely associated with each of the three main board selection categories. All three models were highly significant ($p < 0.001$). In general, the models are consistent with the bivariate relationships described above, indicating that these organizational features are systematically related to how board members are selected. There is one exception, however. Formalization is not significant once we control for all other factors.

The binary logistic regression to assess which organizational characteristics predict whether nonprofits use **the self-perpetuating board model**, explains 34 percent of the variations. Controlling for all organizational dimensions, this model is found disproportionately among:

- Age: Younger nonprofits, holding all other factors constant.
- Funding Profile: Nonprofits that rely primarily on government funding, compared to nonprofits with a mix of funding sources (the reference group).
- Size: Nonprofits that are larger in terms of FTEs, holding all other factors constant.
- Nonprofit Field: Environment and religion nonprofits, compared to human service nonprofits (the reference group).
- Public Charity: Charities compared to non-charities.

The binary logistic regression to predict whether nonprofits use the **pure associational board election** model (selected by members only) explains 35 percent of the variation. Controlling for all organizational dimensions, this model is found disproportionately among:

- Age: Older nonprofits.
- Size: Smaller nonprofits, as measured by FTEs.
- Formalization: Nonprofits primarily funded by fees and sales (including dues), compared to nonprofits with a mix of funding sources (the reference group).
- Nonprofit Field: Religion nonprofits compared to human service nonprofits (the reference group).
- Public Charity: Nonprofits that are not charities.

The binary logistic regression to predict whether nonprofits use the **modified associational board selection** model, when some board members are elected by members, while current board members or staff select the remaining members, explains 32 percent of the variation. This model is quite similar to the one that predicts the pure associational board selection model, except that type of funding mix nonprofits have is no longer significant. Controlling for all organizational dimensions, the model is found disproportionately among:

- Age: Older nonprofits.
- Size: Smaller nonprofits in terms of FTEs.
- Nonprofit Field: Environment and religion nonprofits compared to human service nonprofits (the reference group).
- Public Charity: Charities.

Table 11: Estimates for Binary Logistic Regressions of Board Selection Mechanism

Variables Included in the Multivariate Equation	Self-perpetuating	Pure associational	Modified associational
Age (Decades since Founded)	-	+	+
Size in terms of FTE	+	-	-
Formalization			
Funding Mix (ref=Mixed)			
Funding Mix: Over 50% Donations			
Funding Mix: Over 50% Fees and Sales		+	
Funding Mix: Over 50% Government	-		
Funding Mix: Over 50% Special Events			
NTEE Code (ref=Human Services)			
NTEE Code: Arts & Culture			
NTEE Code: Education			
NTEE Code: Environment	-		+
NTEE Code: Health			
NTEE Code: International			
NTEE Code: Mutual Benefit			
NTEE Code: Public/Societal Benefit			
NTEE Code: Religion	-	+	+
Charity	+	-	-

Note: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationship. All models are significant at $p = .000$ and $n = 509$. For column 1, Model Chi-square = 150.647, and Nagelkerke R-squared = .343 (the proportion of variation in the dependent variable (**self-perpetuating**) explained by the independent variables). There are 75.2% estimated correct predictions in the model. For column 2, Model Chi-square=142.872 and Nagelkerke R-squared=.348 (the proportion of variation in the dependent variable (**pure associational**) explained by the independent variables). There are 79.4% estimated correct predictions in the model. For column 3, Model Chi-square=135.585, and Nagelkerke R-squared=.318 (the proportion of variation in the dependent variables (**modified associational**) explained by the independent variables). There are 74.1% estimated correct predictions in the model. We used the natural log of size in terms of FTE and formalization to account for the skew in the distribution of the original version of the variable. Excluded categories: Funding Mix: Mixed , NTEE Code: Human Services. For full results, see Appendix E.

Number of Board Members

Our survey asked Indiana nonprofits to state how many members are on their board of directors. The number of board members varies enormously, from three nonprofits who said none²⁷ to one with more than 140 members. However, the average is quite small – only 11 members and half have 9 or fewer members.

The size of nonprofit boards appears to be closely related to board selection mechanism. As shown above, how nonprofits' board members are selected appears to be closely linked to a number of key organizational features – how big, formalized and old they are, and what kinds of nonprofit they are in terms of their activities, charity status, and funding mix. The same holds for the size of board members.

We speculate that nonprofits that provide services to the broader community (e.g., charities) need board members that link the organization to key community and funding constituencies, thereby providing the organization with legitimacy and visibility to the external world. This goal is easier to accomplish if the board is relatively large and if current board members select new members with those goals in mind.

By contrast, the boards of membership associations are able to focus only on the needs and interests of the members, not their legitimacy to the broader community, so smaller boards may be sufficient. For these types of nonprofits, the challenge is to find enough members who are sufficiently concerned about the association to be a board candidate AND are known and trusted enough by the association's other members to be elected. For most associations, this is a sufficiently challenging task that the size of the board is likely to be small.

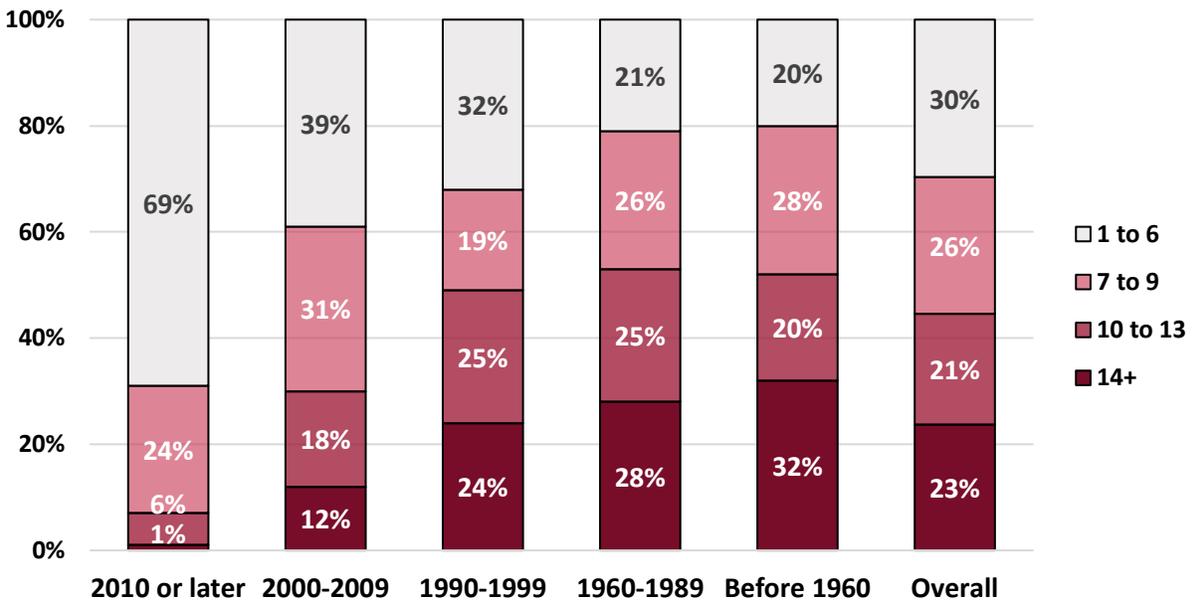
Consequently, we expect the factors that predict whether board selecting follows the self-perpetuating model is likely to also predict larger boards. Conversely, the factors that predict whether nonprofits use the associational model is likely to also predict small boards. That appears to be the case.

²⁷ The three respondents who reported none were removed from the analysis.

Age

There is a significant positive relationship between age and board size. The older nonprofits are, the more likely they are to have large boards. Almost a third (32 percent) of the oldest nonprofits (established before 1960) have large boards (14 or more members). The percentage then drops steadily to 28 percent for those established between 1960-1989, 24 percent for those established during the next decade (1990-1999), 12 percent for those established 2000-2009 and only 1 percent of those established in 2010 or later. More than two-thirds (69 percent) of this youngest cohort have very small boards (6 or fewer members) and that percentage decreases steadily for older nonprofits to 20 percent for those established prior to 1960.

Figure 55: Number of board members in Indiana nonprofits by age (n=769)

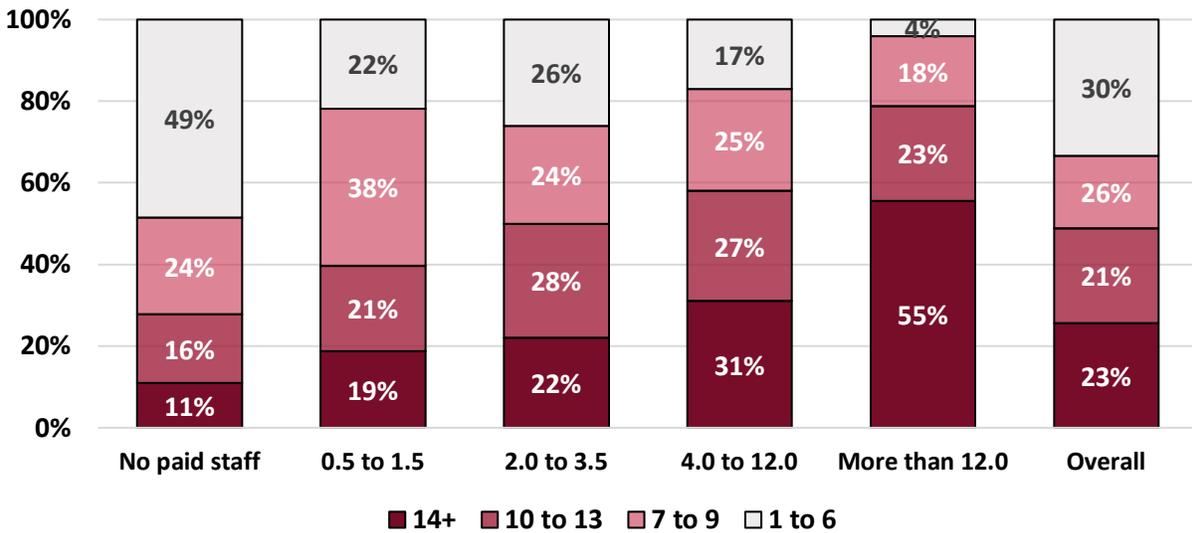


Size in terms of FTEs

Nonprofits with more FTEs tend to have larger board sizes. More than half (55 percent) of nonprofits with more than 12.0 FTEs have at least 14 board members and that percent declines steadily with the number of FTEs, to 31 percent for the next larger FTE size, to only 11 percent for those with no paid staff.

Correspondingly, only 4 percent of the largest nonprofits fall in the category with smallest board size (6 or fewer). However, such a small board size is found among almost half (49 percent) of those with no paid staff at all.

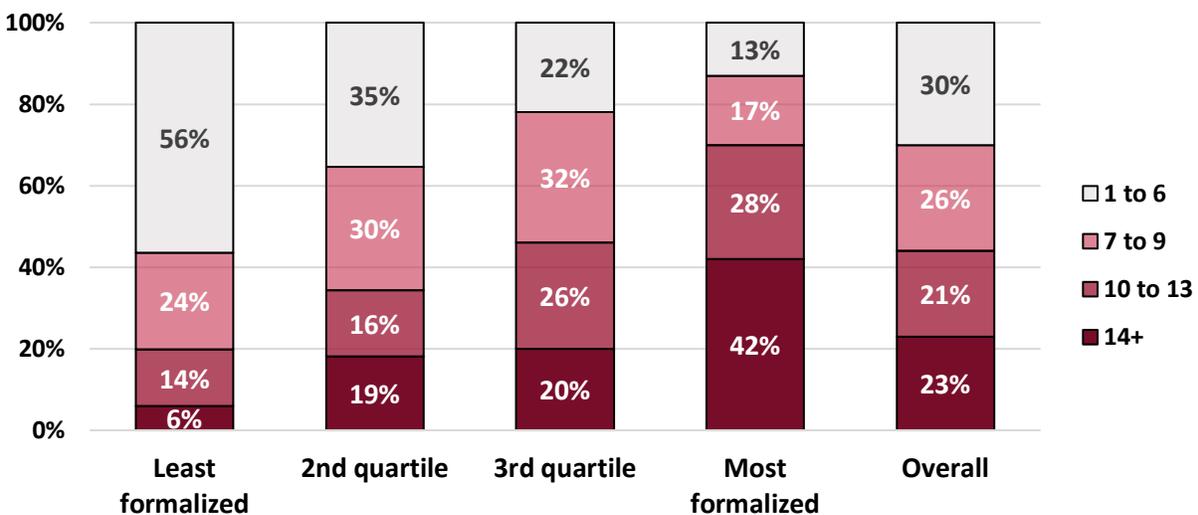
Figure 56: Number of board members in Indiana nonprofits by size in terms of FTEs (n=796)



Formalization

There is a significant positive relationship between level of formalization and number of board members. Only 6 percent of the least formalized nonprofits have large boards (14 members or more), compared to 42 percent of the most formalized nonprofits. Similarly, more than half (56 percent) of the least formalized nonprofits have small boards (6 or fewer members). The percentage of nonprofits with the smallest board size then decreases steadily as formalization increases to – 35 percent (2nd quartile), 22 percent (3rd quartile), and 13 percent of the most formalized nonprofits.

Figure 57: Number of board members in Indiana nonprofits by formalization (n=780)

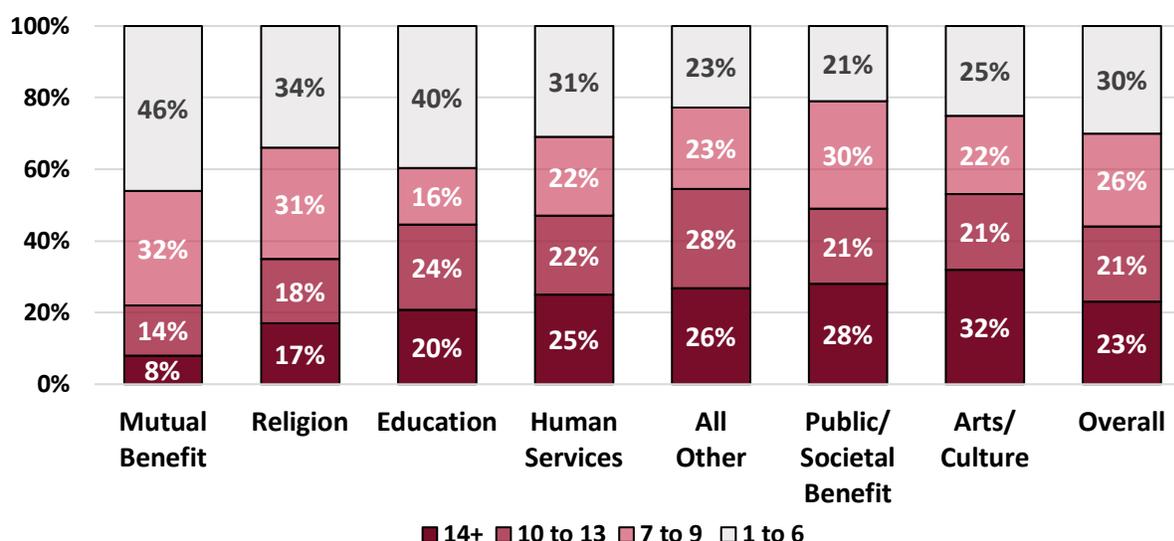


NTEE Field

Arts and culture nonprofits are significantly more likely to have large boards – almost one third (32 percent) have boards in the largest size category, as do about a quarter of public/societal benefit, human services, and a variety of smaller field combined. We expected this to be the case since many of these nonprofits are charities, which tend to require a larger board with more connections to the broader community.

By contrast, only 8 percent of mutual benefit nonprofits have boards with at least 14 members and close to half of them (46 percent) have 6 or fewer members. Education nonprofits also have significantly more (40 percent) nonprofits with small boards (6 or fewer members), but a fifth (20 percent) also have large boards (14 or more members).

Figure 58: Number of board members in Indiana nonprofits by NTEE field (n=815)



Summary

We ran a multivariate linear regression to assess which of the six explanatory variables – age, size in terms of FTEs, formalization, funding mix, NTEE field, and charity – are the most closely associated with the number of board members on nonprofit boards of directors. We used the natural log of number of board members to account for the skew in the distribution of the original version of the variable. The regression was highly predictive ($p < 0.001$) and explains 30 percent of the variation among number of board members. Table 12 shows the four significant explanatory variables.

- **Age:** Consistent with findings above, when holding all other factors constant, older nonprofits are significantly more likely to have larger board sizes.
- **Size:** Nonprofits that are larger in terms of FTEs are significantly more likely to have more board members, holding all other factors constant.
- **Formalization:** Controlling for all other factors, more formalized nonprofits are likely to have significantly more board members.
- **Nonprofit Field:** When compared to human service nonprofits, holding all other factors constant, religion nonprofits are significantly less likely to have large board sizes.

Table 12: Estimates for Linear Regression of Number of Board Members

Variables Included in the Multivariate Equation	Number of Board Members
Age (Decades since Founded)	+
Size in terms of FTE	+
Formalization	+
Funding Mix (ref=Mixed)	
Funding Mix: Over 50% Donations	
Funding Mix: Over 50% Fees and Sales	
Funding Mix: Over 50% Government	
Funding Mix: Over 50% Special Events	
NTEE Code (ref=Human Services)	
NTEE Code: Arts & Culture	
NTEE Code: Education	
NTEE Code: Environment	
NTEE Code: Health	
NTEE Code: International	
NTEE Code: Mutual Benefit	
NTEE Code: Public/Societal Benefit	
NTEE Code: Religion	-

Charity
Notes: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationships. The model is significant at $p = .000$, $n = 506$, and Adjusted R-squared = .304 (the proportion of variation in the dependent variable (**number of board members**) explained by the independent variables). We use the natural log of size in terms of FTE and formalization to account for the skew in the distribution of the original versions of the variables. Excluded categories: Funding Mix: Mixed, NTEE Code: Human Services. For full results, see Appendix E. We ran this regression model a second time including self-perpetuating board selection mechanism as another independent variable. With this variable included, Adjusted R-squared increased to .315 and government funding was significant in a negative direction.

Board Vacancies

In addition to the number of board members, we also asked nonprofits to specify the number of vacant positions on the board of directors. The number of vacant positions ranged from 0 to 12. There is an average of 1 vacant position, but half have no vacancies at all, so there are relatively few vacancies on Indiana nonprofits' board of directors.

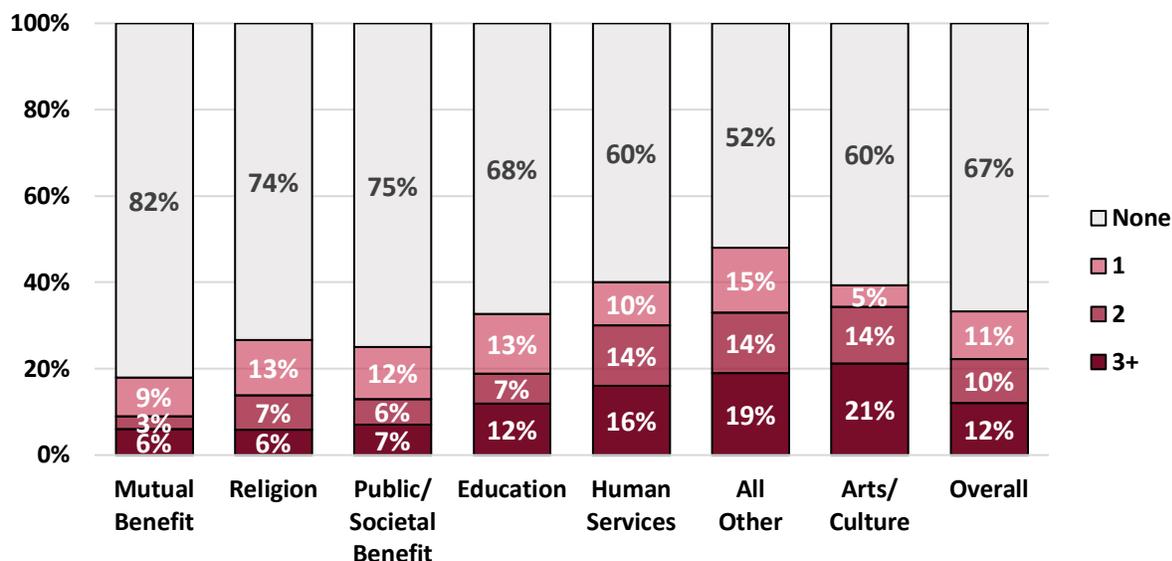
NTEE Field

There is a significant relationship between NTEE field and the number of board vacancies. Mutual benefit nonprofits are least likely to have any vacancies with 82 percent having full boards, followed by religion and public/societal benefit nonprofits, about three-quarters of which

have no vacancy (74 and 75 percent respectively). Overall, this relationship is expected since mutual benefit and religion nonprofits generally have the smaller board sizes as well.

Nonprofits with at least three vacant board positions is most prevalent among arts and culture nonprofits (21 percent), a combined group of smaller fields (health, environment, and international nonprofits, 19 percent), and human service nonprofits (16 percent) – all fields with relatively large board sizes.

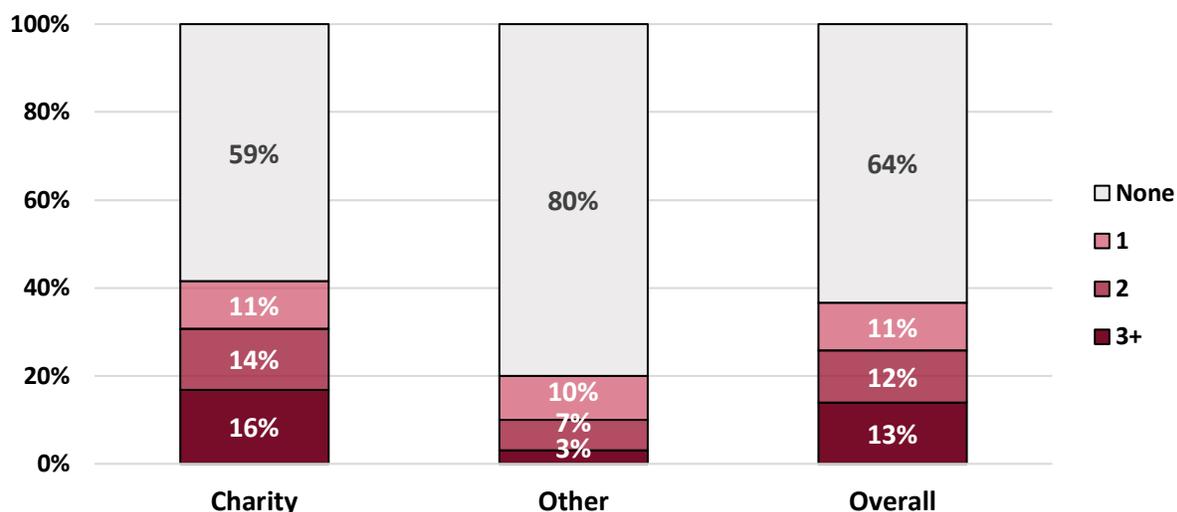
Figure 59: Number of board vacancies in Indiana nonprofits by NTEE field (n=738)



Charity

Nonprofits that are charities are significantly more likely to have at least some board vacancies (41 percent) than non-charities (20 percent). They also tend to have more seats vacant – 16 percent have at least three vacant seats, compared to only 3 percent of non-charities.

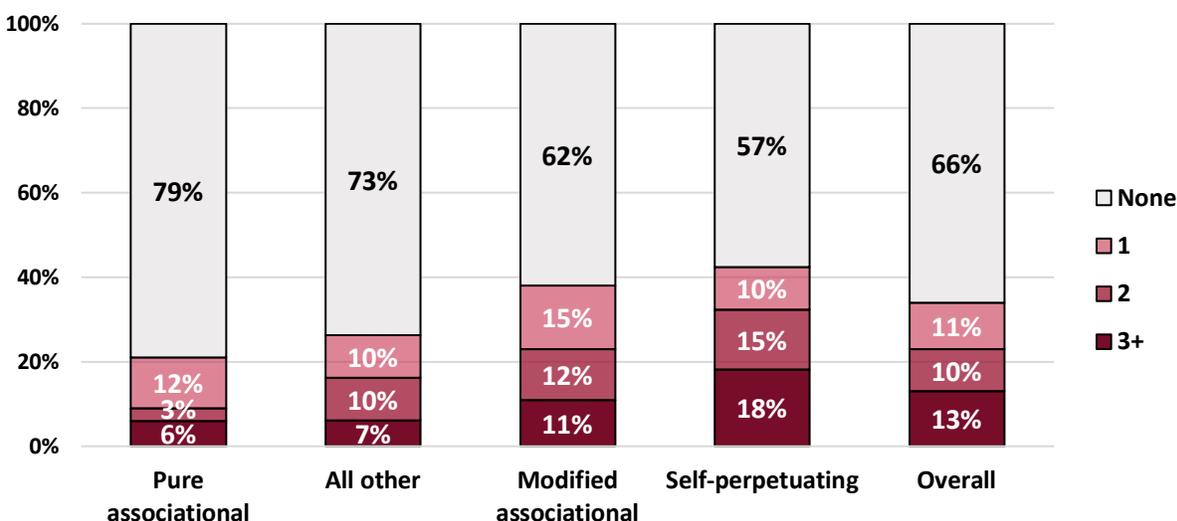
Figure 60: Number of board vacancies in Indiana nonprofits by charity (n=511)



Board Selection

Nonprofits with a self-perpetuating board member selection model are significantly more likely (18 percent) to have three or more board vacancies. Such a high level of board vacancies is much less likely in nonprofits that elect new board members through the pure associational model or the all other model (7 percent). See Figure 61.

Figure 61: Number of board vacancies in Indiana nonprofits by board selection mechanism (n=726)



Summary

We ran two multivariate linear regressions to assess which explanatory factors are related to the number of board vacancies in Indiana nonprofits. The first model used the usual six explanatory variables and was highly significant ($p < 0.001$), although it only explains 5 percent of the variance. See Table 13.

- **Funding Profile:** Although funding mix was not significant in the bivariate relationships, when jointly assessed in the multi-variate analysis and while holding all other factors constant, we found that nonprofits relying primarily on fees and sale or government funding are significantly less likely to have board vacancies.
- **Nonprofit Field:** Controlling for all other factors, religion nonprofits are significantly less likely to have board vacancies than human service nonprofits (the reference group).
- **Public Charity:** Charity nonprofits are significantly more likely to have board vacancies, holding all other factors constant.

The second model added one additional explanatory variable: board selection (self-perpetuating). This regression model was also highly predictive ($p < 0.001$) and explained 6 percent of the variance, a slightly more predictive model than the previous. See Appendix D for additional variables significant at the bivariate level.

- **Funding Profile:** Consistent with Model 1, while holding all other factors constant, nonprofits primarily funded by fees and sales and those relying primarily on government funding are significantly less likely to have board vacancies.

- Nonprofit Field: Consistent with Model 1, religion nonprofits are significantly less likely to have board vacancies when compared to human service nonprofits, holding all other factors constant.
- Public Charities: Consistent with the regression above, holding all other factors constant, charities are significantly more likely to have board vacancies.
- Board Selection Mechanism: Controlling for all other factors, nonprofits that elect new board members using the self-perpetuating model are significantly more likely to have board vacancies compared to nonprofits using any other board selection models (reference group).

Table 13: Estimates for Linear Regression of Board Vacancies

Variables Included in the Multivariate Equation	Board Vacancies – Model 1	Board Vacancies – Model 2
Age (Decades since Founded)		
Size in terms of FTE		
Formalization		
Funding Mix (ref=Mixed)		
Funding Mix: Over 50% Donations		
Funding Mix: Over 50% Fees and Sales	-	-
Funding Mix: Over 50% Government	-	-
Funding Mix: Over 50% Special Events		
NTEE Code (ref=Human Services)		
NTEE Code: Arts & Culture		
NTEE Code: Education		
NTEE Code: Environment		
NTEE Code: Health		
NTEE Code: International		
NTEE Code: Mutual Benefit		
NTEE Code: Public/Societal Benefit		
NTEE Code: Religion	-	-
Charity	+	+
Board Selection: Self-Perpetuating	Not included	+

Notes: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationships. In column 1, the model is significant at $p = .001$ and Adjusted R-squared = .049 (the proportion of variation in the dependent variable (**number of vacancies**) explained by the independent variables). In column 2, the model is significant at $p = .000$, $n = 472$, and Adjusted R-squared = .058. We use the natural log of size in terms of FTE, formalization, and number of board vacancies to account for the skew in the distribution of the original versions of the variables. Excluded categories: Funding Mix: Mixed, NTEE Code: Human Services. For full results, see Appendix E.

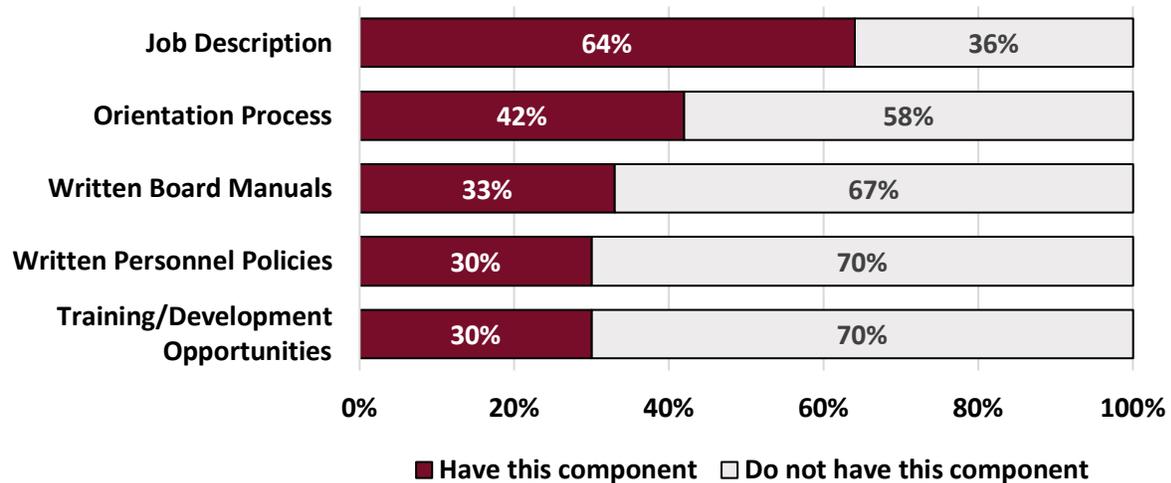
Board Resources

Resources help the board of directors effectively carry out their duties. The responsibilities of the board of directors differ somewhat across nonprofits, especially for those that have paid staff and those where the board carries out all responsibilities. However, all boards are accountable for how their organization accomplishes its mission (Howe, 2002). In general, we expect larger nonprofits, those with more FTEs, will find it necessary to adopt policies and procedures to manage its resources, including human resources. For board members, this will include laying out the expectations and responsibilities of members.

Our survey asked Indiana nonprofits which, if any, of the following resources they had in place for the board of directors: orientation process, written board manuals, board role/job descriptions, training/develop opportunities beyond orientation (e.g., workshops, conferences), and written board member personnel policies (e.g., attendance, disciplinary procedures). These are all procedures that should be in place if nonprofits wish to follow best practices.

The most prominent type of board resource is a description of board members role or job, present among almost two-thirds (64 percent) of Indiana nonprofits. However, by the same token, more than a third apparently have no definition of board roles. Less than half (42 percent) have an orientation process for board members, and only a third or less have written board manuals (33 percent), written board personnel policies (30 percent) or board training/development opportunities (30 percent).

Figure 62: Presence of resources for board of directors in Indiana nonprofits (n=815)

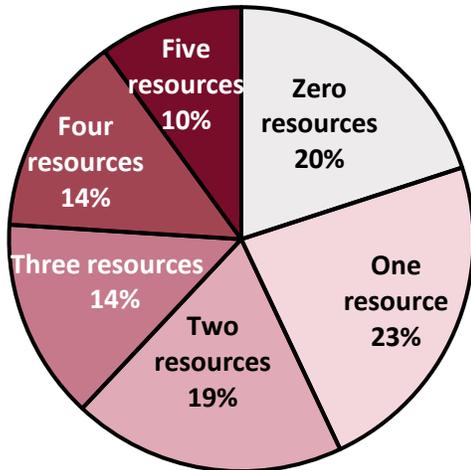


We computed a board resources scale²⁸ by counting the number of board resource components responding nonprofits have in place. The number of components range from 0 to 5 with a mean of 2.1 and a median of 2.0. Figure 64 shows the resulting variable. Very few, only 10 percent of Indiana nonprofits, have all five board resource components in place, while nearly half (43 percent) have either just one (23 percent) or no board resources (20 percent) at all.

²⁸ We performed a reliability analysis to confirm that the items included in our measure of board resources do form a scale. Analysis methods and findings are available upon request.

Only one of our basic organizational measures is related to the number of board resources – number of FTE staff.

Figure 63: Number of board resources present in Indiana nonprofits (n=815)

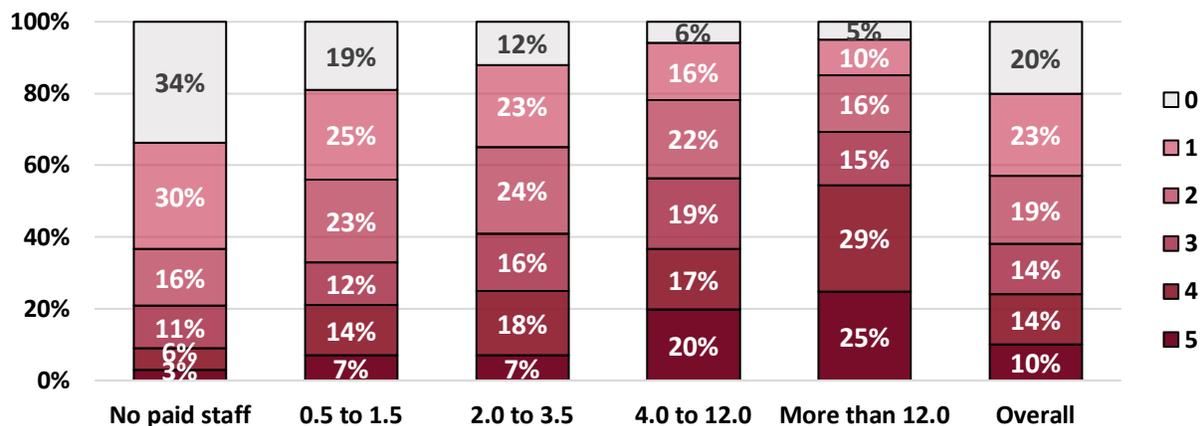


Size in terms of FTEs

There is a significant positive relationship between size in terms of FTEs and number of board resources. Nonprofits with no paid staff have significantly fewer board resources – in fact, about one-third (34 percent) have no board resources at all, and only 9 percent have four or more resources.

By contrast, very few nonprofits in the two largest size categories have no board resources at all (respectively 6 and 5 percent). More than half (54 percent) of those in the largest size category (more than 12 FTE) have at least four resources, including 25 percent with all five. The percentages are notably smaller for the next largest size category (4-12 FTEs) – 37 have at least four, including 20 percent with all five. These findings are consistent with those found above in the staff and volunteer sections.

Figure 64: Number of board resources in Indiana nonprofits by size in terms of FTEs (n=795)



Summary

We ran a multivariate linear regression to assess how the five basic explanatory variables are related to the number of board resources available. The regression was highly significant ($p < 0.001$) and explained 25 percent of the variance. Size in terms of FTE, NTEE field, and charity are all significant. See Table 14. See Appendix D for additional variables significant only at the bivariate level.

- Size: Controlling for all other factors, larger nonprofits in terms of FTEs are likely to have significantly more board resources.
- Nonprofit Field: Though NTEE field was not significant in the bivariate relationships, it was significant in the multivariate analysis. Controlling for all other factors, arts and culture nonprofits and religion nonprofits are likely to have significantly less board resources compared to human service nonprofits (the reference category) and public/societal benefit nonprofits are likely to have significantly more board resources.
- Public Charity: Charity was not found to be significant in the bivariate relationships. Although, when controlling for all other factors, charities are likely to have significantly more board resources.

Table 14: Estimates for Linear Regression of Board Resources

Variables Included in the Multivariate Equation	Board Resources
Age (Decades since Founded)	
Size in terms of FTE	+
Funding Mix (ref=Mixed)	
Funding Mix: Over 50% Donations	
Funding Mix: Over 50% Fees and Sales	
Funding Mix: Over 50% Government	
Funding Mix: Over 50% Special Events	
NTEE Code (ref=Human Services)	
NTEE Code: Arts & Culture	-
NTEE Code: Education	
NTEE Code: Environment	
NTEE Code: Health	
NTEE Code: International	
NTEE Code: Mutual Benefit	
NTEE Code: Public/Societal Benefit	+
NTEE Code: Religion	-
Charity	+

Notes: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationships. The model is significant at $p = .000$, $n = 509$, and Adjusted R-squared = .254 (the proportion of variation in the dependent variable (**board resources**) explained by the independent variables). We use the natural log of size in terms of FTE to account for the skew in the distribution of the original versions of the variables. Excluded

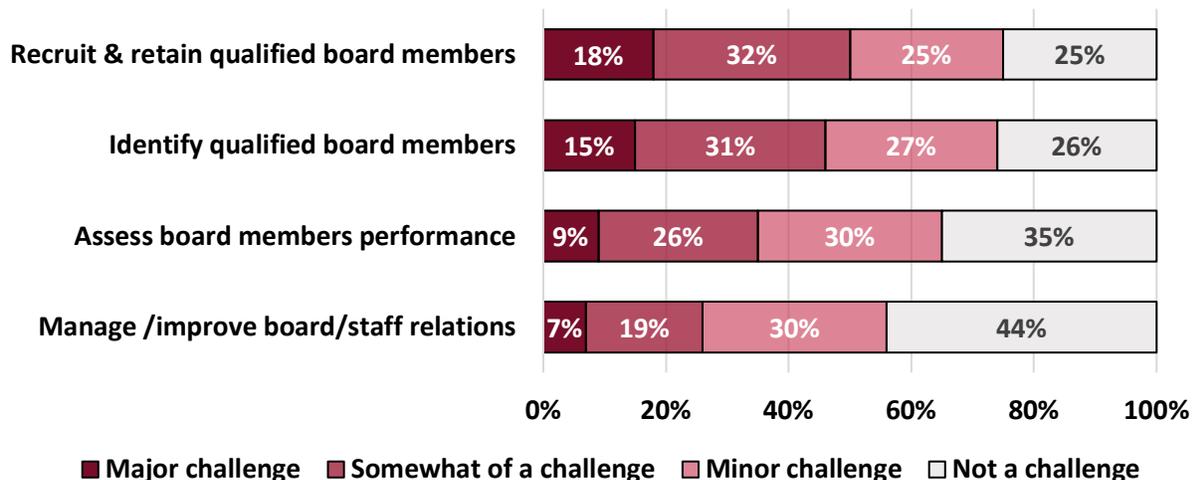
categories: Formalization, Funding Mix: Mixed, NTEE Code: Human Services. For full results, see Appendix E. When board selection: self-perpetuating is added to the regression model, Adjusted R-squared increases to .257.

Challenges Managing Board

Our survey aimed to better understand the various challenges Indiana nonprofits face, including board-related challenges. We asked Indiana nonprofits to what extent they faced challenges in recruiting and retaining qualified board members, identifying qualified board members, assessing board member performance, and managing/improving board/staff relations. Board management challenge questions were scored on a scale of 1 (not a challenge) to 4 (major challenge). Those that selected ‘don’t do this activity’ were removed from the analysis. See Figure 65.

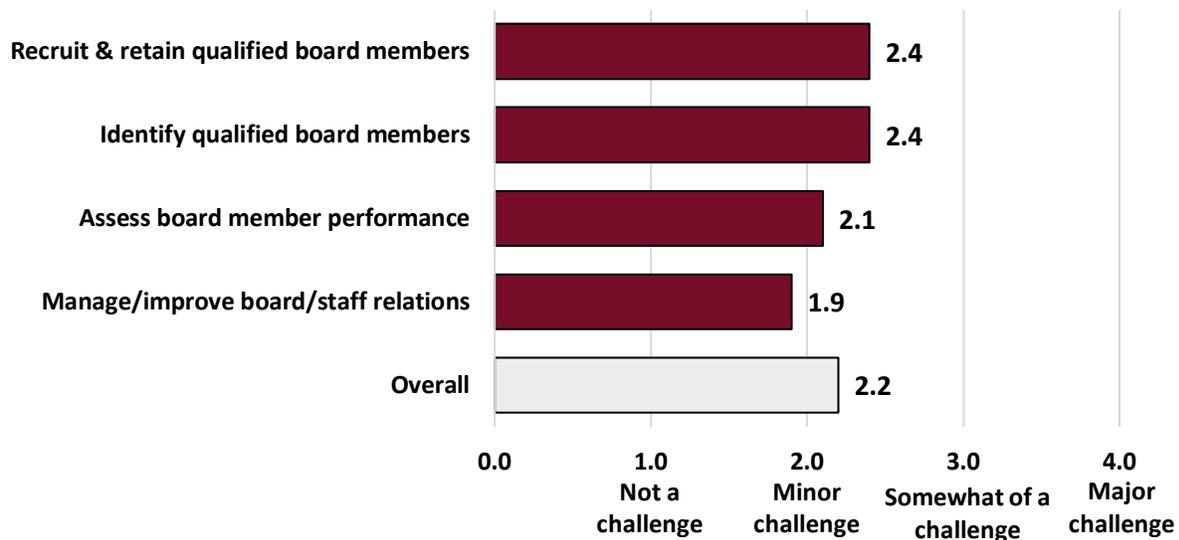
Recruiting and retaining qualified board members is the most significant board management challenge. Nearly one-fifth (18 percent) of Indiana nonprofits consider recruiting and retaining qualified board members a major challenge and another 32 percent consider it somewhat of a challenge. Managing/improving board/staff relations appears to be the least significant board management challenge with only 26 percent of nonprofits identifying it as a major challenge (7 percent) or somewhat of a challenge (19 percent).

Figure 65: Board management challenges among Indiana nonprofits (n=682-805)



In Figure 66, we show the average extent to which Indiana nonprofits experience each specific challenge. As noted above, the most significant board management challenges facing Indiana nonprofits are recruiting and retaining qualified board members and identifying qualified board members. Both challenges have an average challenge score of 2.4, followed by assessing board member performance (2.1). Managing/improving board/staff relations poses the least challenge to Indiana nonprofits, with an average challenge score of 1.9.

Figure 66: Average level of board management challenges in Indiana nonprofits (n=682-805)



We also computed an overall board management challenge scale²⁹ by finding the average the four board challenges. The bottom bar of Figure 67 shows the resulting overall board challenges scale, which is used for the following bivariate and multivariate analysis. The mean of the board management challenge scale is 2.2 and the median is 2.3.

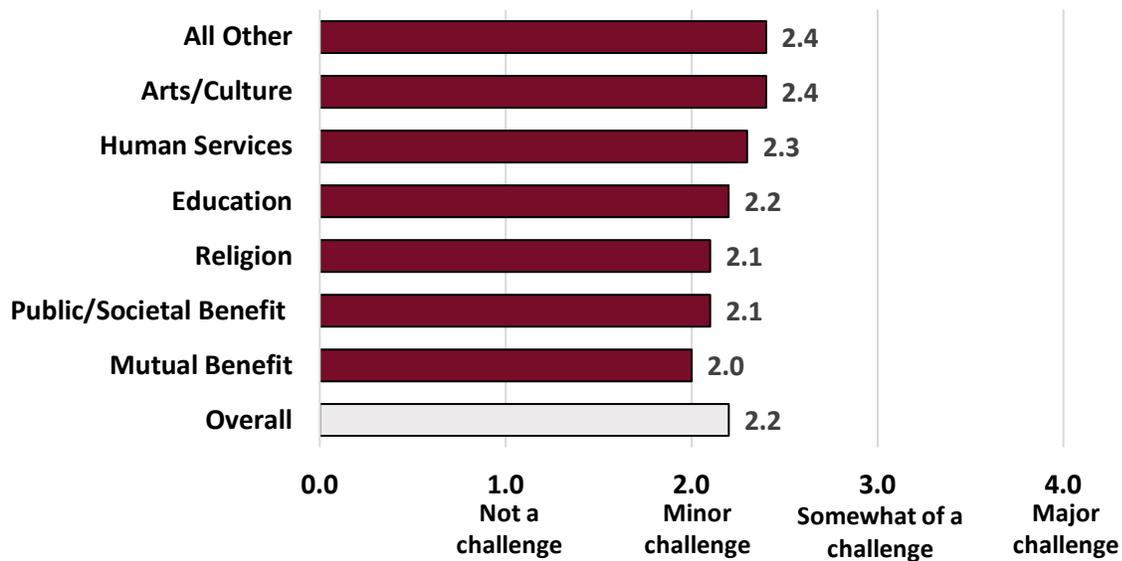
We examined whether board challenges were related to our standard explanatory factors – age, size, formalization, funding mix, nonprofit field, and charity status. Of these only nonprofit field appears to be related. We also explored whether the extent of board challenges appears related to whether respondents have board resources in place, the size of the board, and board vacancies.

NTEE Field

The combined fields of health, environment, and international nonprofits (all other) and education nonprofits report the highest board challenge scores (2.4) . Mutual benefit nonprofits report the fewest board related challenges (2.0 average score). Overall, all board management related challenges ranged between 2.0 and 3.0 indicating board management poses a minor challenge to somewhat of a challenge.

²⁹ We performed a reliability analysis to confirm that the items included in our measure of board challenges do form a scale. Analysis methods and findings are available upon request.

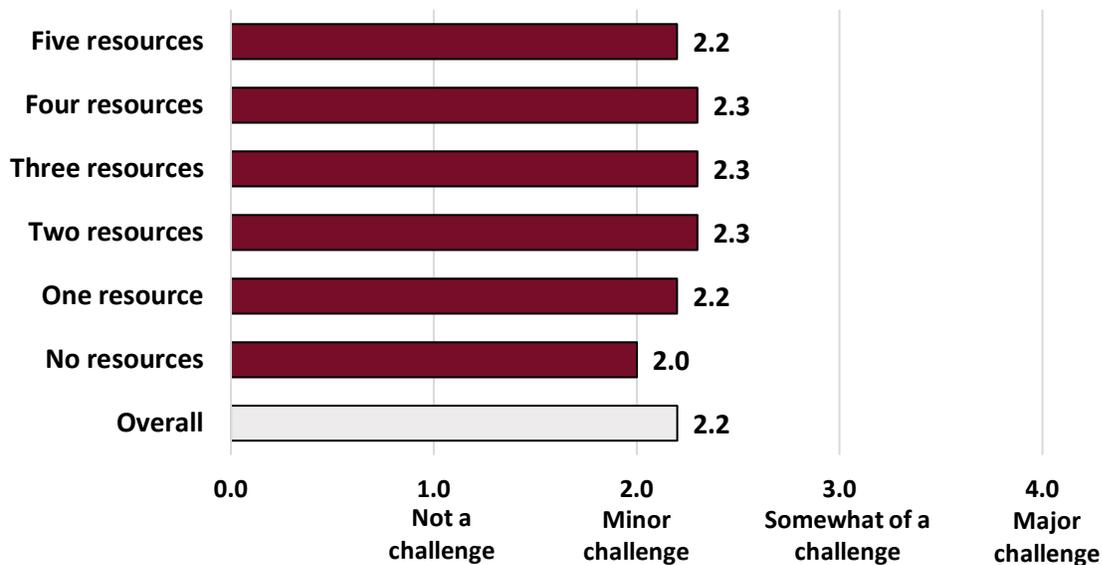
Figure 67: Average level of board management challenges in Indiana nonprofits by NTEE field (n=810)



Board Resources

We also examine whether having more board resources in place is associated with fewer challenges. That does not seem to be the case. The relationship is significant, but mainly because those with no resources at all report fewer challenges (2.0 average). Possibly, less formalized board structures allow for greater board flexibility and therefore fewer board challenges.

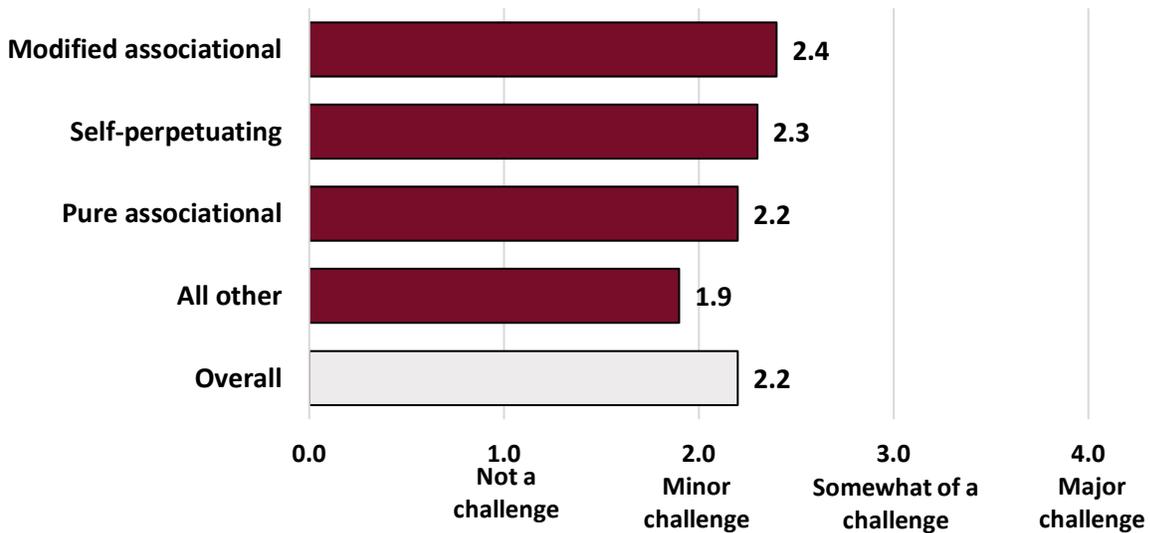
Figure 68: Average level of board challenges by board resources (n=800)



Board Selection

In general, nonprofits using the modified associational model face the most board management challenges (2.4 average). Nonprofits that use all other board selection mechanisms face the least amount of board management challenges (1.9 average). See Figure 69.

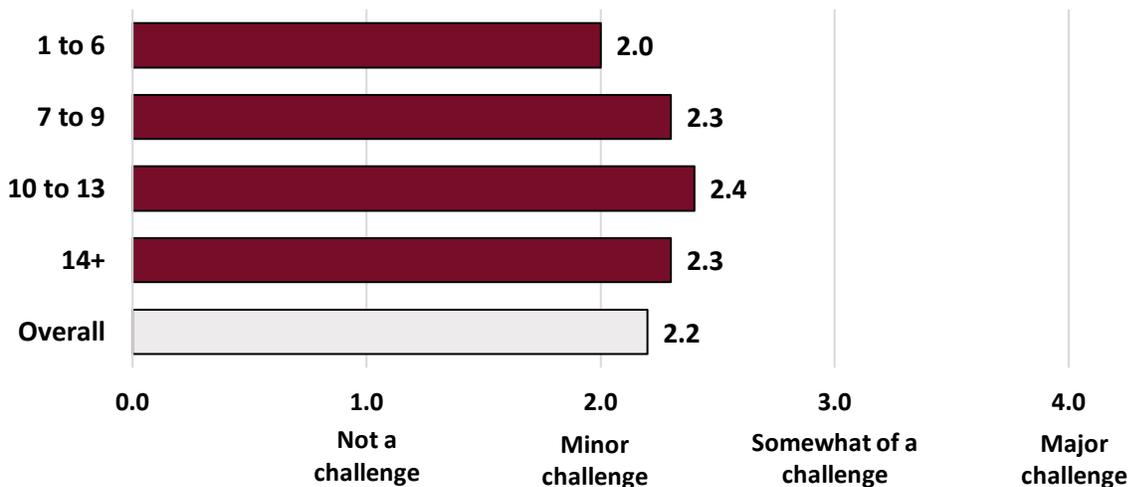
Figure 69: Average level of board challenges by board selection mechanism (n=803)



Number of Board Members

On average, nonprofits with more board members tend to face more board management challenges. Nonprofits with 10 to 13 board members face the most challenges (2.4 average), meanwhile nonprofits with 1 to 6 board members face the least amount of board management challenges (2.0 average). See Figure 70.

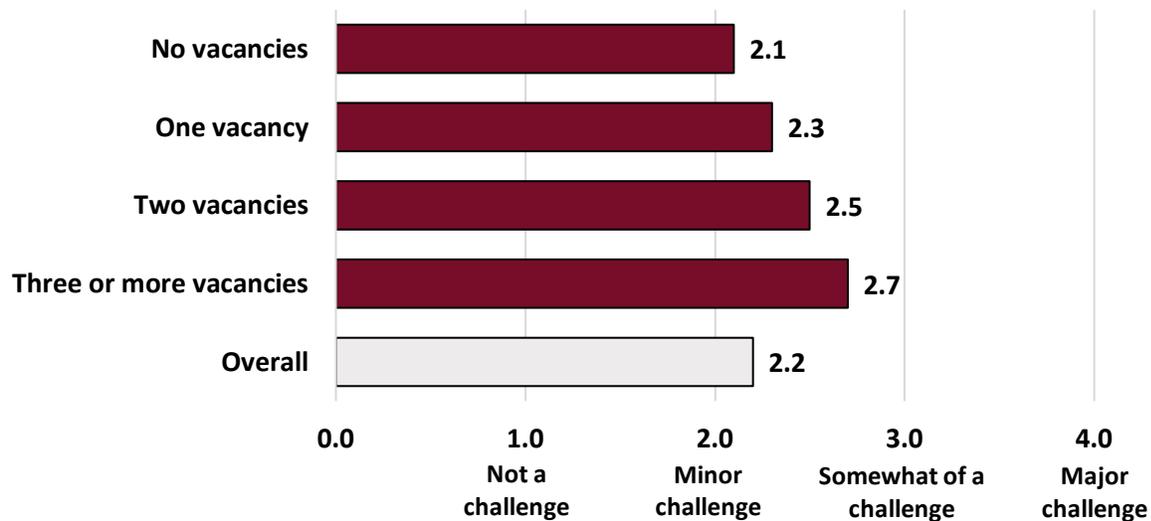
Figure 70: Average level of board challenges by number of board members (n=800)



Number of Vacancies

As we expected, nonprofits with more board vacancies face more board management challenges. Nonprofit boards experiencing three or more vacancies are face significantly more board management challenges (2.7 average). This is followed by an average of 2.5 for nonprofits with two vacancies, 2.3 for nonprofits with one vacancy, and 2.1 for nonprofits with no vacancies. See Figure 71.

Figure 71: Average level of board challenges by number of board vacancies (n=727)



Summary

We ran a multivariate regression (Model 1) assessing how our usual five explanatory variables – age, size in terms of FTE, formalization, funding mix, and NTEE field – are related to the extent nonprofits experience board management challenges. The model was significant ($p < 0.05$), though it only explains 2 percent of the variance. Two of the five explanatory variables are significant. See Table 15, column 1.

- **Formalization:** Formalization was found to be significant in the multivariate analysis though it was not significant in the bivariate analysis. More formalized nonprofits are likely to face significantly more board management challenges, holding all other factors constant.
- **Nonprofit Field:** Controlling for all other factors, compared to human service nonprofits, mutual benefits nonprofits, public/societal benefit nonprofits, and religion nonprofits are likely to face significantly less board management challenges.

We also ran a second multivariate regression model (Model 2, column 2 below), which included three additional board-specific explanatory variables: board selection model (self-perpetuating), board size, and number of board vacancies. Model 2 was highly predictive ($p < 0.001$) and explained 10 percent of the variance, a better predictive model than the previous.

- **Formalization:** Consistent with the findings from Model 1, more formalized nonprofits are likely to face significantly more board management challenges, holding all other factors constant.

- **Board Members:** In the second column, number of board members was included in the multivariate regression. There is a significant positive relationship between number of board members and board management challenges, holding all other factors constant. Nonprofits with larger board sizes tend to experience more board management challenges.
- **Board Vacancies:** Number of board vacancies was also included in the second column regression. Controlling for all other factors, nonprofits with more board vacancies are significantly more likely to face more board management challenges, which is consistent with the relationship found in the bivariate analysis above.

Table 15: Estimates for Linear Regression of Board Challenges

Variables Included in the Multivariate Equation	Board Challenges – Model 1	Board Challenges – Model 2
Age (Decades since Founded)		
Size in terms of FTE		
Formalization	+	+
Funding Mix (ref=Mixed)		
Funding Mix: Over 50% Donations		
Funding Mix: Over 50% Fees and Sales		
Funding Mix: Over 50% Government		
Funding Mix: Over 50% Special Events		
NTEE Code (ref=Human Services)		
NTEE Code: Arts & Culture		
NTEE Code: Education		
NTEE Code: Environment		
NTEE Code: Health		
NTEE Code: International		
NTEE Code: Mutual Benefit	-	
NTEE Code: Public/Societal Benefit	-	
NTEE Code: Religion	-	
Board Selection: Self-Perpetuating	Not included	
Board Size	Not included	+
Board Vacancies	Not included	+

Notes: Coefficients significant at the $p < 0.05$ level are marked with positive (+) or negative (-) depending on the direction of the relationships. In column 1, the model is significant at $p = .035$, $n = 736$, and Adjusted R-squared = .015 (the proportion of variation in the dependent variable (**board challenges**) explained by the independent variables). In column 2, the model is significant at $p = .000$, $n = 664$, and Adjusted R-squared = .095. We use the natural log of formalization, size in terms of FTE, board size, and board vacancies to account for the skew in the distribution of the original versions of the variables. Excluded categories: Funding Mix: Mixed, Code: Human Services, Charity. For full results, see Appendix E.

CONCLUSION

All organizations need a variety of resources to operate – money, facilities, technology, people – although the specific types and amounts of resources needed vary greatly. In this report, we have examined how Indiana nonprofits manage their human resources – those who decide about the organization’s goals and strategic direction (its leadership) and those who carry out needed activities (its paid staff and/or unpaid volunteers). As we have shown, most nonprofits have all three types of human resources in place, but some only two (boards and paid staff, or boards and unpaid volunteers), and some only have boards.

Our analysis began with staff since the presence of paid staff is a major organizational dimension. While nonprofits without paid staff carry out important activities, we have found in previous reports that the presence of paid staff, and the size of that staff, drives many key organizational activities – using information technology, engaging in advocacy, delivering programs and services, or undertaking program evaluation.³⁰

The same pattern holds in this report. As we have shown, the presence and size of paid staff is related to many of the human resource dimensions we have examined here – the size of boards and how board members are selected; the importance of volunteers; and the types of resources Indiana nonprofits make available to their boards, staff, and volunteers – position descriptions, orientations, training opportunities, written manuals, and more.

A little more than half (56 percent) of Indiana nonprofits have paid staff and 43 percent have an executive director. However, the range of those with any paid staff is enormous from one part-time employee to a high of more than 1,000 FTEs. Larger staff sizes were found among older, more formalized nonprofits, and those nonprofits in the health field or primarily reliant on government funding.

While most nonprofits have key staff resources in place, some have none or very few, even when they do have paid staff. However, there tend to be more resources for staff than for volunteers and board members.

Even so, staff management challenges continued to be prominent. Providing adequate compensation proved to be the most challenging for Indiana nonprofits followed by recruiting and retaining paid staff. These particular challenges likely reflect in part efforts by nonprofits to

³⁰Kirsten A. Grønbjerg and Payton A. Goodman with Sarah Dyer. “Indiana Nonprofits: Information Technology Resources and Challenges,” Indiana Nonprofit Survey: Round III, Series 2: Activities, Report 1. (Bloomington, IN: Indiana University O’Neill School of Public and Environmental Affairs, March, 2019). <https://nonprofit.indiana.edu/doc/publications/2017surveyreports/informationtechnology.pdf>;
Kirsten A. Grønbjerg, Noah J. Betman, and Hannah Q. Martin. “Indiana Nonprofits: Program Evaluation Practices and Challenges,” Indiana Survey Series III, Activities Series 2, Report 2. (Bloomington, IN: Indiana University O’Neill School of Public and Environmental Affairs, December 2019). <https://nonprofit.indiana.edu/doc/publications/2017surveyreports1/program-evaluation-2019.pdf>;
Kirsten A. Grønbjerg and Brittany Kurt. “Indiana Nonprofits: Programs and Services,” Indiana Nonprofit Survey Series III, Activities Series 2, Report 3. (Bloomington, IN: Indiana University O’Neill School of Public and Environmental Affairs, January 2021). <https://nonprofit.indiana.edu/doc/publications/2017surveyreports1/programs-services.pdf>;
Kirsten A. Grønbjerg and Noah J. Betman with Payton Goodman. “Indiana Nonprofits: Advocacy and Political Activity – Practices and Challenges,” Indiana Nonprofit Survey Series III, Activities Series 2, Report 4. (Bloomington, IN: Indiana University O’Neill School of Public and Environmental Affairs, March 2021). <https://nonprofit.indiana.edu/doc/publications/2017surveyreports1/advocacy-activity-2021.pdf>.

stretch tight budgets to meet demands for services and in part growing competition for staff with appropriate skills. Analysis of trends in paid nonprofit employment in Indiana shows that nonprofit employment has increased consistently since 1995, suggesting tight competition for employees among nonprofits. Moreover, there has also been growing competition from for-profits previously dominated by nonprofits, such as individual and family services.³¹

Our analysis then turned to an examination of the second dimension of human resources – volunteers. Volunteers are one of the defining features of nonprofit organizations. Generally, many nonprofits get started with a small group of dedicated volunteers, who may function as the board of directors and unpaid staff until the nonprofit grows and can transition to the use of paid staff. Virtually all (88 percent) of Indiana nonprofits use volunteers in some capacity (not counting volunteers serving as board members).

Volunteers are either very important or essential to more than three-fourths (77 percent) of Indiana nonprofits, especially for smaller nonprofits. However, overall, only 31 percent of Indiana nonprofits have a volunteer coordinator – or only about a quarter (27 percent) of those using volunteers. Moreover, only 32 percent of nonprofits that consider volunteers essential and 35% of nonprofits that consider volunteers very important have a volunteer coordinator. Of those that have a volunteer coordinator, a little less than half (47 percent) pay the coordinator, the rest (53 percent) are themselves volunteers. The more formalized Indiana nonprofits are, the more likely they are to have a volunteer coordinator and to pay the coordinators.

Recruiting and retaining volunteers, appears to be the most pervasive volunteer challenge Indiana nonprofits face – reflecting in part the widespread use of and therefore also competition for volunteers. However, there are also indications that rates of volunteering have declined in recent years.³² Those trends appear to have escalated during the COVID-19 pandemic, since many volunteer activities had to be suspended or terminated to minimize the spread of infections.³³

To address this and other volunteer management challenges (assessing and managing volunteer performance), nonprofits may create volunteer coordinator positions, but as we noted above, relatively few do so. We also examined whether Indiana nonprofits have volunteer resources in place. The most prevalent volunteer management resource is having volunteer positions/work descriptions available, but only half of Indiana nonprofits have that. Only 39 percent have an orientation process for volunteers and even fewer (27 percent) have training and development opportunities for volunteers. Indeed, more than half (57 percent) of Indiana nonprofits have no or only one volunteer resources in place. Most likely, implementing such resources requires time and effort which may be scarce among nonprofits with little to no-paid staff. Indeed, our multivariate analysis confirms that volunteer resources are more prevalent in nonprofits with large staff sizes, controlling for all other factors.

³¹ Kirsten A. Grønberg and Anjali Bhatt. “Nonprofit Paid Employment in Economic Growth Regions, Indiana, 2000-2019,” Indiana Nonprofits Project Nonprofit Employment: Regional Series, Report 12. (Bloomington, IN: Indiana University O’Neill School of Public and Environmental Affairs, January 2022).

³² Nathan Dietz and Robert T. Grimm, Jr. 2019. “A Less Charitable Nation: The Decline of Volunteering and Giving in the United States.” *Explaining Declines in Volunteering and Giving*: 1 – 42.

³³ Laura Deitrick, Tessa Tinkler, Jon Durnford, Tom Abruzzo, and Nallely Manriques. 2021. “2021 State of Nonprofits and Philanthropy Annual Report.” *The Nonprofit Institute: State of Nonprofits in San Diego*.

We wrapped up our analysis of human resources by looking at the board of directors. The board's main responsibilities are making sure the organization is adhering to its mission, using its resources effectively, and meeting its legal reporting and other obligations. How the board carries out those responsibilities may differ depending on the life stage of the nonprofit. Newer nonprofits often have working boards where board members may carry out the bulk of the work of the nonprofit. As nonprofits grow and develop, some of these responsibilities are passed onto paid staff and volunteers, but the board is then responsible for hiring and firing key employees.

Almost all (91 percent) of Indiana nonprofits have their own board of directors, but the mechanism used to select new board members vary and reflect fundamental differences among nonprofits. The most common board member selection mechanism is one where current board members select new board members. This self-perpetuating model, used by 48 percent of Indiana nonprofits, is common among charities that provide important community services. This model makes it easier to engage important constituencies (or major donors) by including them on the board.

Those boards tend to be larger, perhaps because it allows for more or stronger representation of a constituency groups. But, they are also more likely to have board vacancies. There may be other limitations as well – current board members looking to fill vacancies may easily revert to selecting candidates they know. Because personal networks tend to be fairly homogenous in terms of race, ethnicity, and socioeconomic status, it may be difficult for boards to diversify, unless they specifically aim to do so.³⁴

For most of the remaining nonprofit (52 percent), primarily membership associations, the board is elected by the organization's members, either by members only (the pure association model) or by members and some additional mechanism (the modified association model). These boards tend to be smaller, most likely reflecting the difficulties of finding members willing to take on leadership responsibilities and with enough credibility to be elected. However, membership associations may also find it difficult to diversify their boards.³⁵

Given the importance of nonprofit boards, it is vital that board members carry out their duties and responsibilities conscientiously and effectively. Those duties will vary according to the life cycle stage the organization is in (new or established) and whether it has paid staff. Having board resources in place, such as position descriptions, an orientation process or a board manual helps nonprofit boards meet their duties.

The great majority (80 percent) of Indiana nonprofits have at least one of five specified resources. But more than a third (36 percent) lack position descriptions and less than half have an orientation process – two of the most basic types of board resources. These resources are more prominent in large nonprofits, yet board management challenges continue to persist in formalized nonprofits. Recruiting and retaining qualified board members was at least somewhat of a challenge to half of Indiana nonprofits, followed by identifying qualified board members (46 percent).

³⁴ Vernetta Walker, 2019. "The Road to Nonprofit Diversity and Inclusion." *The Journal of Infectious Diseases*, Volume 220, Issue Supplement 2: S86-S90, <https://doi.org/10.1093/infdis/jiz175>.

³⁵ Pamela A. Popielarz and J. Miller McPherson. 1995. "On the Edge or In Between: Niche Position, Niche Overlap, and the Duration of Voluntary Association Memberships." *American Journal of Sociology* 101, No. 3: 698-720.

We paid special attention to board vacancies and found that nonprofits with more board vacancies report more challenges managing boards, staff, or volunteers. However, board vacancies are not just associated with challenges in managing human resources. In prior reports, we have found more board vacancies are associated with more marketing challenges and more frequent use of internal and external information technology. We have also found nonprofits with more board vacancies are less likely to complete program evaluations and are likely to have less organizational components.³⁶

Throughout the report, we have explored whether a broad range of explanatory factors help explain the presence and depth of three human resources in Indiana nonprofits – staff, volunteers, and board of directors. For most of our analyses, we looked at four main categories of explanatory factors: organizational capacity (age, size, formalization), external forces (funding profile), specialization (NTEE field of activity), and whether responding organizations were recognized charities. For some of the analyses, we included a fifth set of capacity indications (number of board members, number of board vacancies) and board selection mechanism. Most of our models were highly significant ($p < 0.001$), although our multivariate regressions for the challenge management variables did not have very high explanatory power.

Overall, organizational capacity indicators (age, size, and formalization) offered the most insight into the human resource practices of Indiana nonprofits. These three indicators often functioned in conjunction with one another. An increase in staff size and an increase in formalization corresponded to an increase in resources available to staff, volunteers, and board members. Larger staff size and an increase in formalization were also related to a greater likelihood of having both a volunteer coordinator and having a paid volunteer coordinator.

Two types of funding profiles appear to be particularly important. Nonprofits primarily reliant on funding from special events are less likely to have many formalization indicators in place. Controlling for all other factors, these nonprofits are less likely to have a board of directors and less likely to have paid staff. As expected, nonprofits primarily funded by special events then indicate a higher level of importance for volunteers. Somewhat similar patterns can be found among nonprofits primarily funded by fees and sales – they are likely to have fewer volunteer and board resources. Nonprofits relying on these types of revenue sources are frequently associations.

When examining specialization of NTEE field, a few notable differences emerge. Arts and culture and religion nonprofits often have less formalization structures in place, particularly staff and board resources, compared to human service nonprofits, holding all other factors constant. Both types of nonprofits are less likely to have a paid executive director as well. Religion nonprofits also are significantly less likely to have a paid executive director and have less volunteer resources available compared to human service nonprofits.

These findings have important implications for practitioners and researchers. Board vacancies appear to be a warning signal for nonprofits though not easy to disentangle from a broad range of other organizational dimensions. The board is responsible for overseeing nonprofit operations and ensuring sustainability of the nonprofit. This becomes more difficult when board positions

³⁶ *Indiana Nonprofits: Programs and Services.*
Indiana Nonprofits: Program Evaluation Practices and Challenges.
Indiana Nonprofits: Information Technology Resources & Challenges.

are vacant. As we have shown in this report, nonprofits with more board vacancies are more likely to have greater levels staff, volunteer, and board challenges. Some of the most pervasive challenges nonprofits face include securing adequate compensation for paid staff members and recruiting and retaining staff, volunteers, and board members. Nonprofits with more board vacancies are more likely to use the self-perpetuating board model to recruit new board members, which generally leads to more homogenous boards in terms of race, ethnicity, and socioeconomic status. These types of boards may continue to face heightened challenges due to a lack of board diversity.³⁷

We note board, volunteer, and staff management challenges also may continue due to lack of basic resources, e.g., position descriptions, orientation processes, or opportunities for training and development. These types of resources may be demanding to develop, especially for small nonprofits. However, having them in place would likely help Indiana nonprofits address some of the most pervasive challenges they face.

³⁷ Vernetta Walker, 2019.

APPENDIX A: SURVEY METHODOLOGY

Surveying nonprofits presents major challenges – there is no comprehensive listing of nonprofits available from which to draw a representative sample and the multiple existing listings each have major shortcomings. Other problems reflect challenges in creating survey instruments that potential respondents are able to complete with a minimum of effort, reaching them to make the survey available, and finding effective means to encourage very busy managers to complete the survey. Virtually no survey obtains responses from everyone included in a sample and virtually no survey sample is guaranteed to be truly representative of the entire universe of potential respondents.

Sample Preparation. For our first 2002 survey (Round I, and thus our “panel” organizations), we merged three statewide nonprofit database listings – the IRS listing of exempt entities with Indiana reporting addresses, all entities incorporated as not-for-profit entities with the Indiana Secretary of States (SOS), and Yellow Pages listing of congregations, churches, and similar religious organizations. We also added nonprofits appearing on local listings in selected communities across the state and those identified by Indiana residents through a hypernetwork sampling approach as nonprofits for which they worked, volunteered, or attended meetings or events, including religious services. We then de-duplicated the merged listings and drew a stratified random sample in order to consider and adjust for differences in distributions by geographic location and source of listing.

For the new 2017 “primary” round III sample of Indiana nonprofits, we relied exclusively on the same three statewide listings of Indiana nonprofits as in 2002 but used a simplified sampling strategy. After combining the three most up-to-date listings, we first removed nonprofits that were ineligible for our study. These included but were not limited to hospitals, colleges/universities, bank-managed trusts, jails, and school building corporations.

We then de-duplicated the three listings (both within and between the listings) using search algorithms. Nearly 14,000 duplicate entries across lists were removed during this phase of sample preparation. While it was not possible to remove all duplicates prior to sample selection, we believe that the de-duplication activities substantially reduced the problem of duplicate entries within and across lists. Ultimately, we ended up with a list of 59,833 nonprofits in Indiana from which we selected our sample.

To help ensure generalizability from the sample results, we drew a proportionately stratified sample from the combined list of 59,833 organizations from the IRS, SOS, and Infogroup (yellow page) listings. The stratification variables were an 8-category set of Indiana geographic regions (all three listings), filing date (SOS only), and NTEE major code categories (IRS only).

After the sampling was completed, we had a random sample of 4,103 nonprofits who received the survey invitation: 2,336 from the IRS listing (57 percent), 1,394 from the SOS listing (34 percent), and 373 from the Infogroup listing (9 percent). As part of our process to secure contact information, we also back-checked entities appearing on only one of the three listings in the sample to see whether that particular nonprofit was also included on any of the two other listings, just not included in the sample from the given list.

Next, we needed to find contact information, preferably email addresses, in order to invite survey participation. Of the 4,103 nonprofits in the full sample, the available listing provided email address for only 35. To obtain the rest, we undertook extensive web searches. In the end,

we had an 80 percent success rate in obtaining the correct organizations' contact information, spending an average of almost 13 minutes per organization or about 873 hours.

Survey Process. In preparation for the survey, we sent notifications (postcards and also emails for the approximately 75 percent for whom we had email addresses) to potential respondents. This served both to alert them to the forthcoming survey, with the hope of encouraging participation in the survey, and to identify problematic email (or postal) addresses. After the survey invitations were sent (via email with a survey link or postal mail with a paper questionnaire), we sent several reminders to those with emails. The survey took an average of 25-30 minutes to complete and gathered information about programs and services, organization membership, organization structure and program evaluation, human resources, marketing and technology, advocacy and policy activities, relationships with other organizations, and financial information. The vast majority of surveys were completed online, but about 60 were completed using the paper version of the survey.

In addition, to promising respondents complete confidentiality, as a special incentive to complete the survey, we offered respondents access to customized reporting of the results. We included also a link to the study website, so respondents could learn more about the project, as well as prominent reference to and identification with Indiana University to emphasize the academic sponsorship. Finally, we asked members of our Advisory Board for the Indiana Nonprofit Sector project to announce the survey to nonprofits on their distribution lists and encourage anyone receiving the invitation to complete the survey to do so.

As expected, however, initial response rates were low (especially to the paper survey) and we began an extensive follow-up by making nudge calls to encourage participation (including those for whom we had no email addresses). We limited the nudge call process to a maximum of three calls per organization depending on the status of the calls. For organizations that we left voice mails for, we continued calling at least a week after each voice mail until we had left three voice mails. We stopped calling organizations that asked us to resend the survey or said they would complete the survey through the original email.

To determine response rates, we used information obtained through our data preparation and nudge call processes to create a disposition variable for each nonprofit in the sample: (1) response (complete or partial), (2) confirmed contact (but no response), (3) uncertain contact (no working phone number or no response to voice mail), or (4) out of sample.³⁸ Our overall response rate (24 percent) is based on the number of respondents as a percent of the full sample, excluding the "out of sample" group from the base.

³⁸ The "out of sample" group includes nonprofits that were out of scope for the survey (e.g., universities, school corporations, hospitals), no longer located in Indiana, known to be out of existence, or presumed to be dead because we could not find any contact information anywhere. If the "presumed dead" are redefined as "uncertain contact", the response rate drops from 24 percent to 20 percent. It was only 7 percent for the paper survey by itself.

APPENDIX B: STAFF – SIGNIFICANT BIVARIATE RELATIONSHIPS

The body of our report highlights only those factors that, in combination, appear most important in explaining the dimensions of managing human resources in Indiana nonprofits. To do so, we used multivariate analysis (logistic regression analysis and linear regression analysis), advanced statistical techniques that allow us to determine which specific predictor factors remain important once we control for all other predictor factors. However, a number of other predictor factors were important at the bivariate level, where we look at each predictor variable individually to determine whether it is related to a particular dimension of managing human resources, but not at the multivariate level. Below we present a brief discussion of these other significant bivariate relationships, beginning with staff.

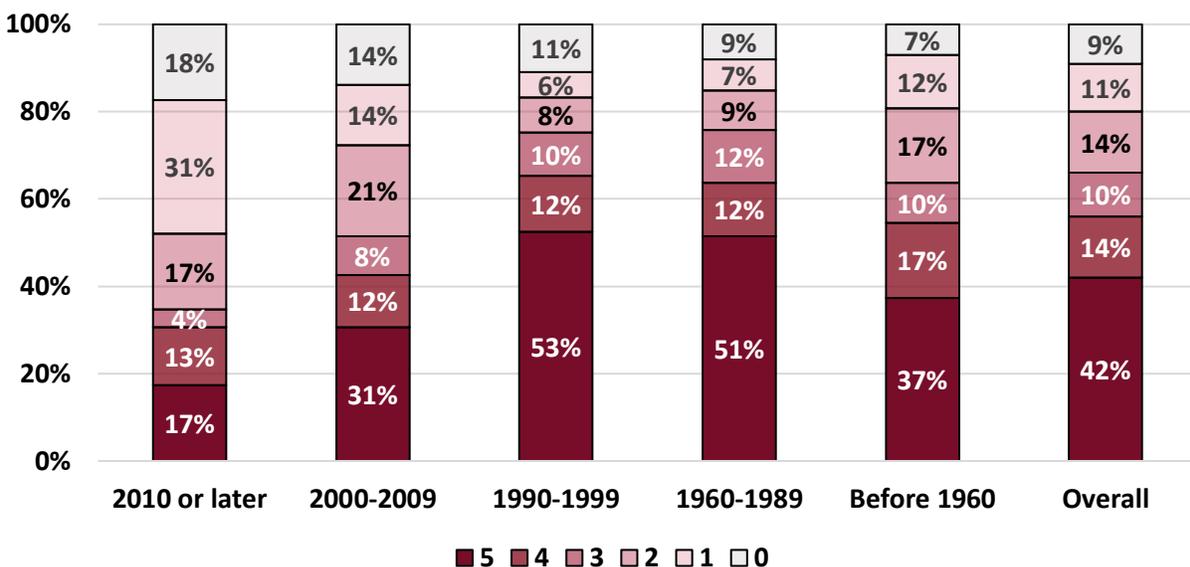
Staff Resources

In the multivariate analysis, when all predictors are assessed in combination, three predictor variables were significant: size (in terms of FTE), funding profile, and primary field of activity (NTEE). When the predictor variables were examined in isolation, age was significant at the bivariate level.

Age

In general, older nonprofits have more staff resources available, except in the case of the oldest nonprofits (established before 1960). Nearly one-fifth (17 percent) of the youngest nonprofits (established in 2010 or later) have all five staff resources. This is followed by 31 percent of those in the next oldest category (2000-2009), 53 percent of those established between 1990-1999, 51 percent of those established between 1960-1989, and 51 percent of those established between 1990-1999, and 51 percent of those established between 1960-1989. This trend diverges for the oldest nonprofits established before 1960 in which nearly two-fifths (37 percent) have all five staff resources. This group is also the least likely (7 percent) to have zero staff resources in place.

Figure B1: Percentage of staff resources available among Indiana nonprofits by age (n=498)



Challenges Managing Staff

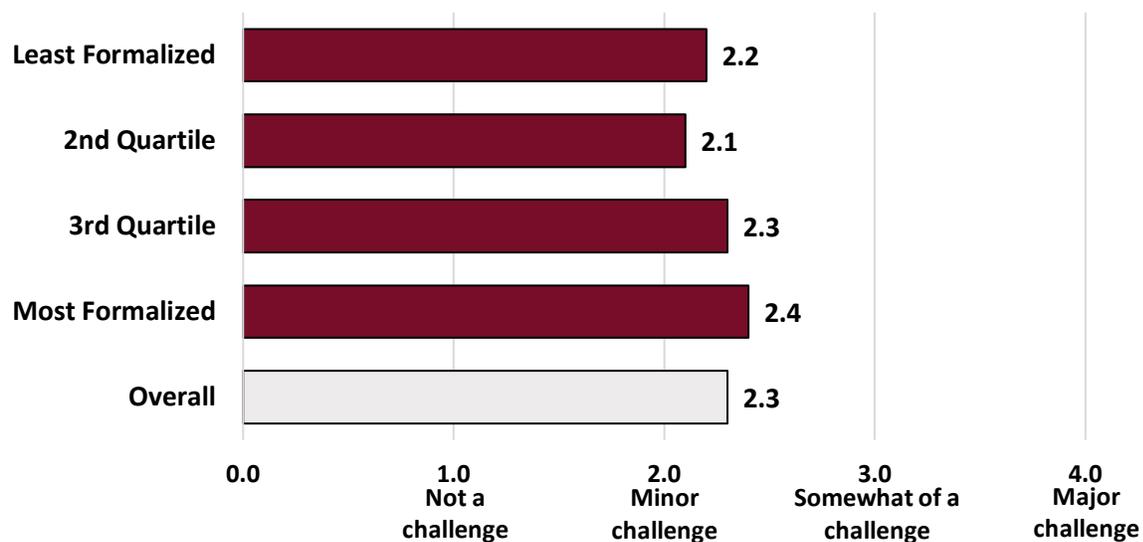
Four explanatory variables are significant in the multivariate analysis when controlling for all other factors. In the bivariate analysis, when predictors are examined in isolation, formalization and charity are also significant.

Formalization

More formalized nonprofits with more resources tend to face a greater extent of staff-related challenges. The most formalized nonprofits report the greatest level of challenges managing staff (2.4). The least formalized nonprofits report an average of 2.2 on the challenges scale.

We do not think this relationship means that having organizational components and resources in place creates staff challenges. Rather, having more FTEs creates the needs for more organizational components, meanwhile staff management remains a challenge.

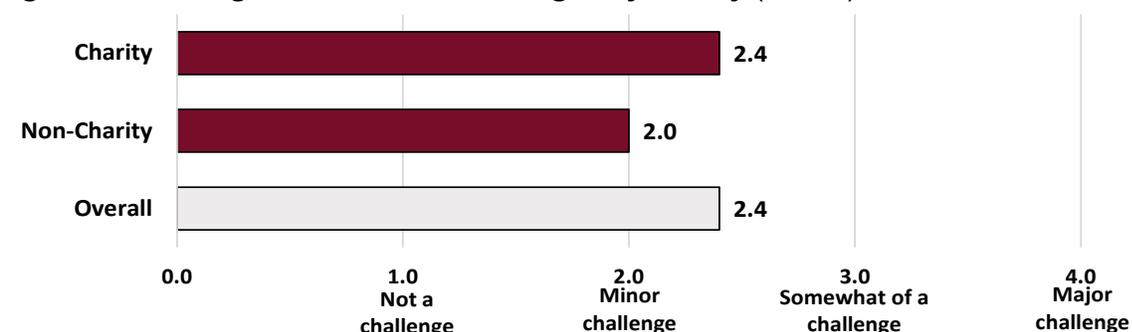
Figure B2: Average level of staff challenges by formalization (n=473)



Charity

Charities report facing more staff management challenges (2.4) compared to non-charities (2.0). This is consistent with findings in the body of the report showing human service nonprofits, most of which are charities, report the highest level of staff management challenges. We also suspect staff size plays a role since human service nonprofits generally have more FTEs.

Figure B3: Average level of staff challenges by charity (n=353)



APPENDIX C: VOLUNTEERS – SIGNIFICANT BIVARIATE RELATIONSHIPS

We turn now to look at relationships related to volunteers that are only significant at the bivariate level, but not in our multivariate analysis.

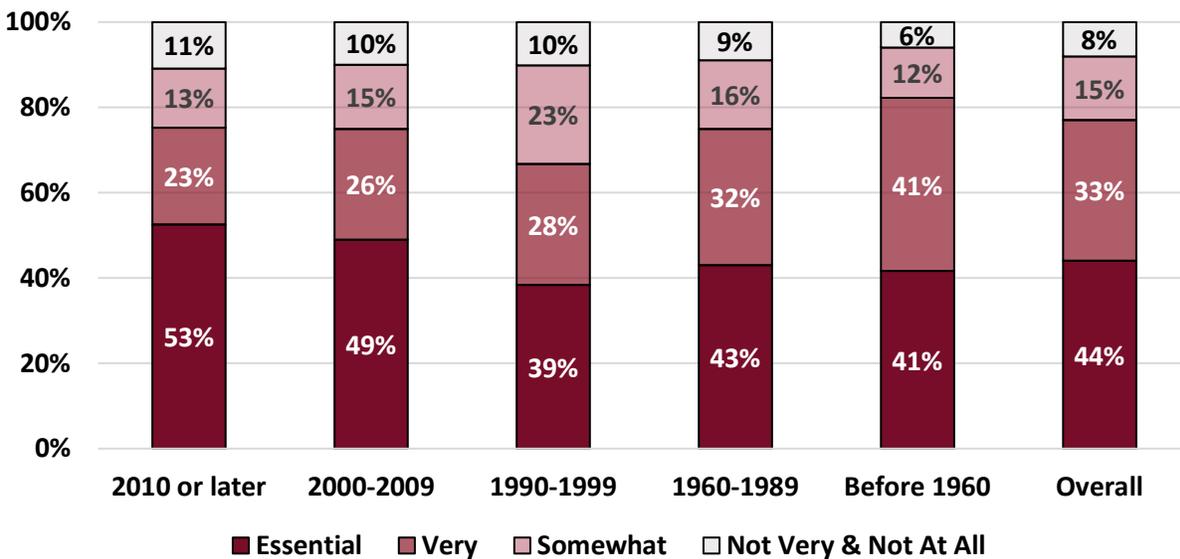
Importance of Volunteers

Both size (in terms of FTE) and primary field of activity are significant in our multivariate analysis, though age, formalization, funding profile, and charity are significant only at the bivariate level when all factors are analyzed in isolation.

Age

Overall, volunteers are the most essential in younger nonprofits. More than half of nonprofits (53 percent) established in 2010 or later consider volunteers essential along with 49 percent of nonprofits established between 2000-2009. However, more than four-fifths (82 percent) of the oldest nonprofits (established before 1960) consider volunteers to be either essential (41 percent) or very important (41 percent), and only 6 percent consider volunteers to be either not very important or not at all important. Overall, volunteers play a less essential role in older nonprofits established before 2000, though they remain very important.

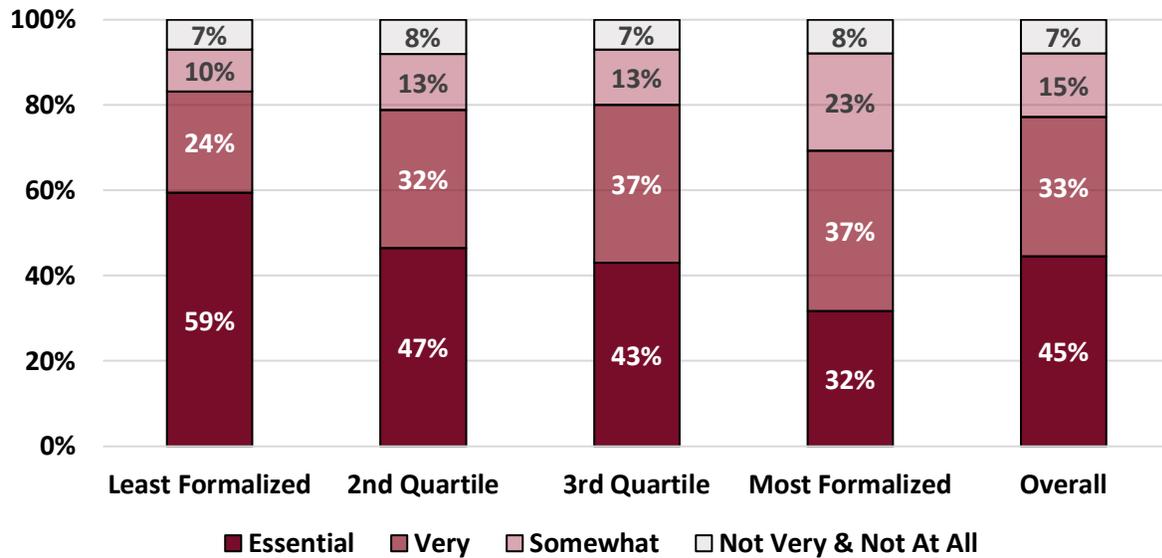
Figure C1: Importance of volunteers to Indiana nonprofits by age (n=751)



Formalization

There is a negative relationship between the importance of volunteers and formalization. The least formalized nonprofits rely on volunteers the most with nearly three-fifths (59 percent) considering volunteers essential. The percent of nonprofits that consider volunteers essential steadily decreases from there – 47 percent (2nd quartile), 43 percent (3rd quartile), and 32 percent (most formalized). We expected this relationship since an increase in formalization is often accompanied by an increase in FTEs and greater reliance upon staff.

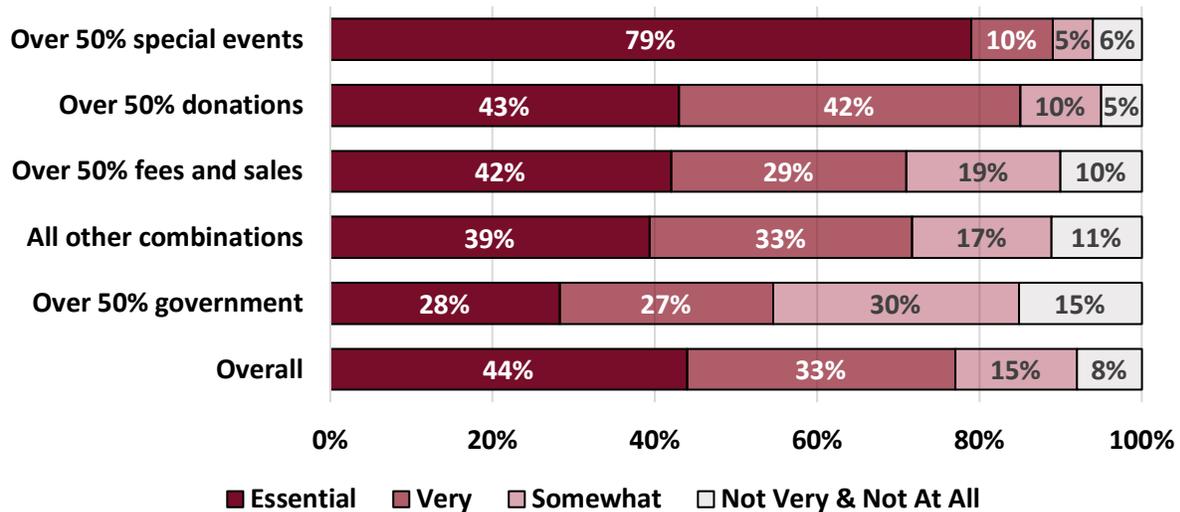
Figure C2: Importance of volunteers to Indiana nonprofits by formalization (n=771)



Funding Mix

More than three-fourths of nonprofits (79 percent) primarily funded by special events consider volunteers essential. We expected this because nonprofits that rely primarily on funding from special events are the least likely to have paid staff, in turn making volunteers more important. In contrast, volunteers are considered less essential and less important in nonprofits that rely mainly on government funding. Slightly more than half (54 percent) of nonprofits that rely primarily on government funding consider volunteers to be either essential (28 percent) or very important (26 percent).

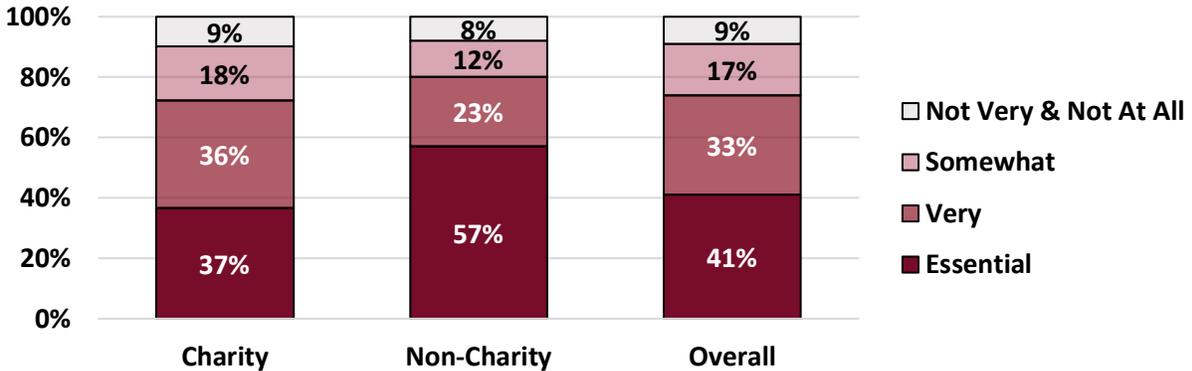
Figure C3: Importance of volunteers to Indiana nonprofits by funding mix (n=740)



Charity

Nearly three-fourths (73 percent) of charities consider volunteers either essential (37 percent) or very important (36 percent). A significantly greater portion of non-charities consider volunteers essential (57 percent) with an additional 23 percent that consider volunteers very important.

Figure C4: Importance of volunteers to Indiana nonprofits by charity (n=534)



Volunteer Resources

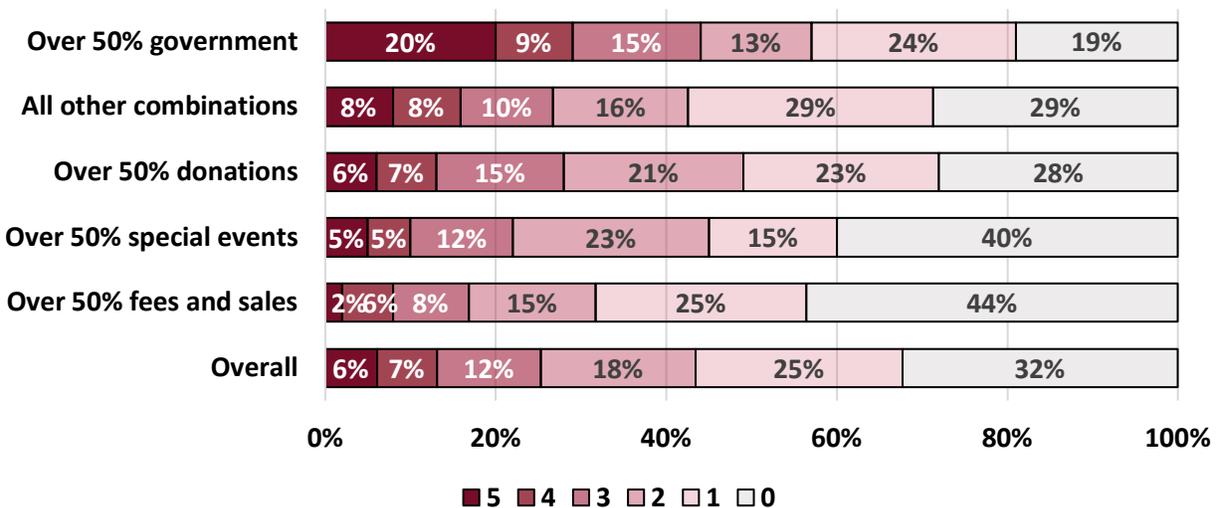
Three factors, size, primary field of activity, and charity, are all significant in the multivariate analysis for staff resources. Funding profile is significant only in the bivariate analysis.

Funding Mix

Volunteer resources are the most prevalent in nonprofits that rely primarily on government funding. One-fifth (20 percent) of nonprofits that rely primarily on government funding have all five resources while slightly less than one-fifth (19 percent) have zero resources.

In contrast, approximately two-fifths of nonprofits primarily funded by special events (40 percent) and primarily funded by fees and sales (44 percent) have zero volunteer resources. A very small portion (2 percent) of those funded by fees and sales have all five volunteer resources.

Figure C5: Volunteer resources available in Indiana nonprofits by funding mix (n=733)



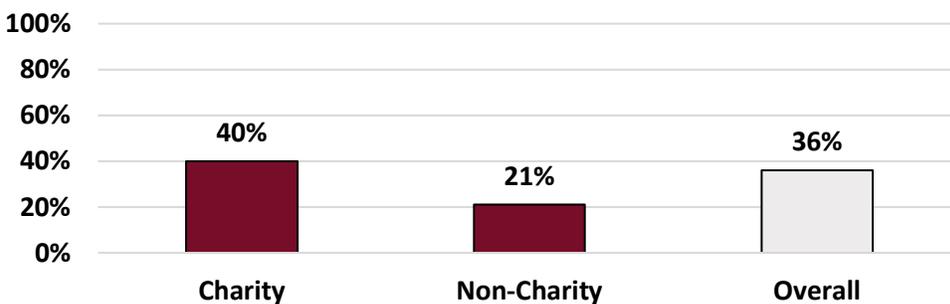
Volunteer Coordinator

In the multivariate analysis, size, formalization, funding profile, and primary field of activity are all significant. Charity is significant only at the bivariate level when examined in isolation.

Charity

As we expected, charities are more likely (40 percent) to have a volunteer coordinator than non-charities (21 percent). We expected this finding since human service nonprofits are most likely to have a volunteer coordinator. Human service nonprofits, most of which are charities, are also the most likely to have volunteer resources, and a volunteer coordinator is considered an additional volunteer resource.

Figure C6: Presence of volunteer coordinator by charity (n=526)



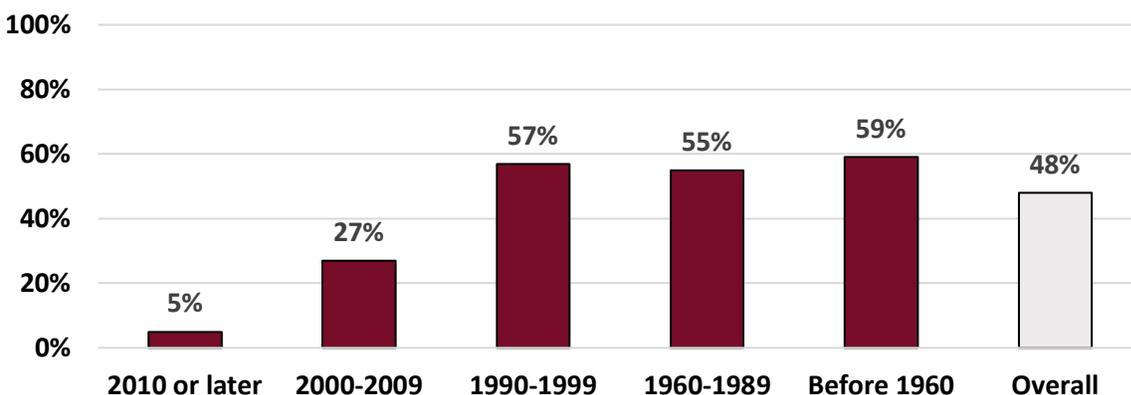
Volunteer Coordinator Compensation

When all predictor factors are examined in combination, size, formalization, and primary field of activity are significant. However, age, funding profile, and charity were also significant when examined in isolation in the bivariate analysis.

Age

There is a positive relationship between age and volunteer coordinator compensation. Older nonprofits are more likely to have a paid volunteer coordinator. Only 5 percent of nonprofits established in 2010 or later have a paid volunteer coordinator, compared to 27 percent of those established between 2000 and 2009 and more than half (55-59 percent) of those established in the three prior periods (1990-1999, 1960-1989, and before 1960).

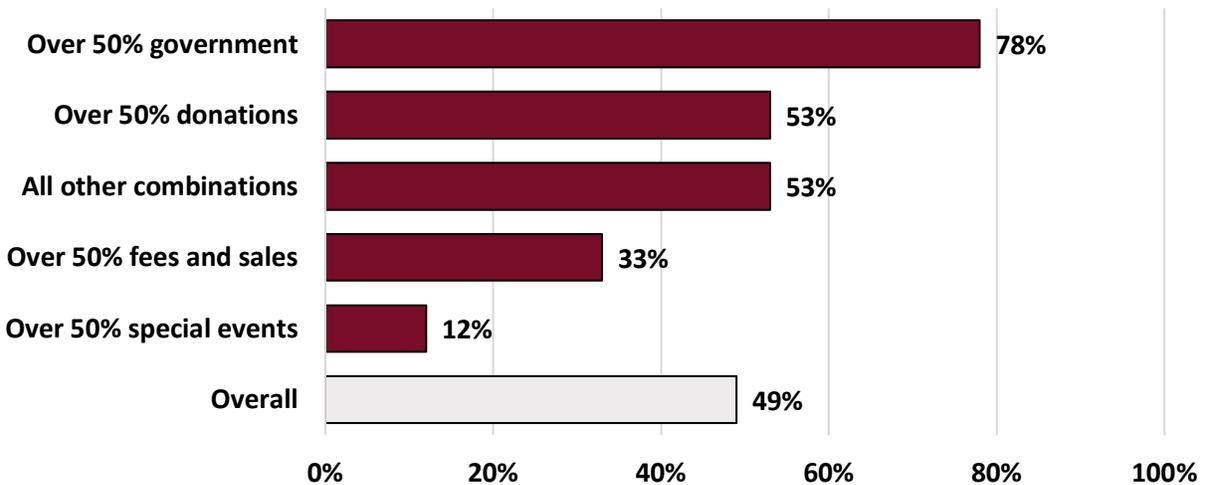
Figure C7: Presence of volunteer coordinator compensation by age (n=224)



Funding Mix

Consistent with our findings about volunteer resources above, nonprofits that rely primarily on government funding are the most likely (78 percent) to have a paid volunteer coordinator. This is followed by 53 percent of nonprofits primarily funded by donations and primarily funded by all other funding combinations. These findings are expected since government and donation revenue streams often require ongoing development and additional organizational structures, which coincides with more resources, in this case, a paid volunteer coordinator. Only one-third (33 percent) of nonprofits primarily funded by fees and sales have a paid volunteer coordinator with those primarily funded by special events trailing behind by 12 percent.

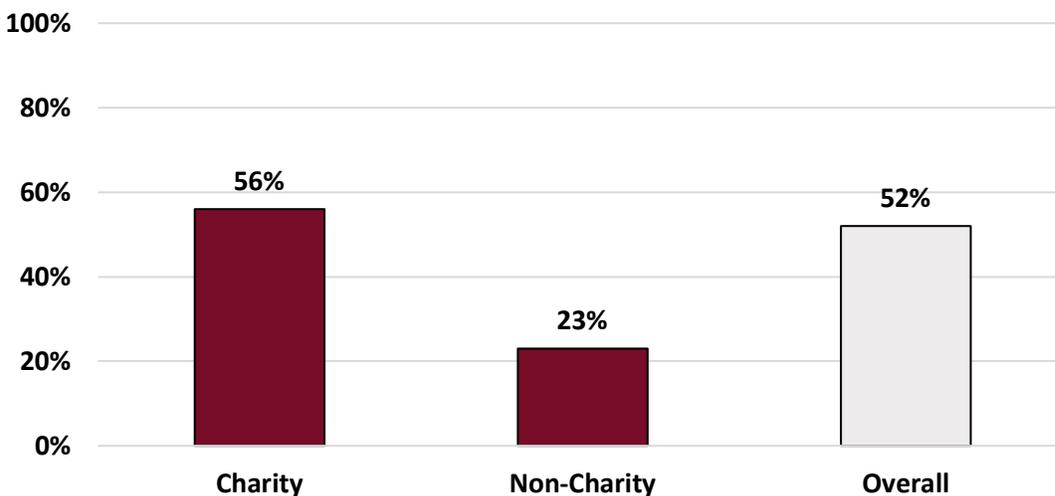
Figure C8: Presence of volunteer coordinator compensation by funding mix (n=221)



Charity

More than half (56 percent) of nonprofit charities have a paid volunteer coordinator, compared to less than a quarter of non-charities (23 percent).

Figure C9: Presence of volunteer coordinator compensation by charity (n=179)



APPENDIX D: BOARD OF DIRECTORS – SIGNIFICANT BIVARIATE RELATIONSHIPS

Finally, we turn to look at significant bivariate relationships as they relate to the board of directors that appear only at the bivariate level.

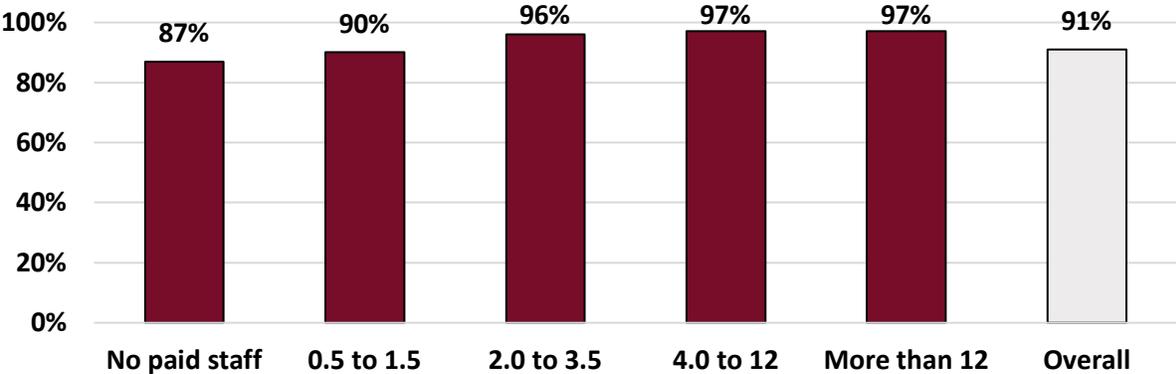
Presence of Board of Directors

Formalization and funding profile are both significant in the multivariate relationship assessing presence of a board of directors, but size and charity are significant only at the bivariate level.

Size in terms of FTE

As we expected, there is a positive relationship between presence of a board of directors and size in terms of FTEs. Nearly all (97 percent) of nonprofits with more than 12 FTEs and between 4.0 to 12.0 FTEs have a board of directors. Nonprofits with no paid staff have the smallest percent of nonprofits (87 percent) with a board of directors, though still a substantial majority.

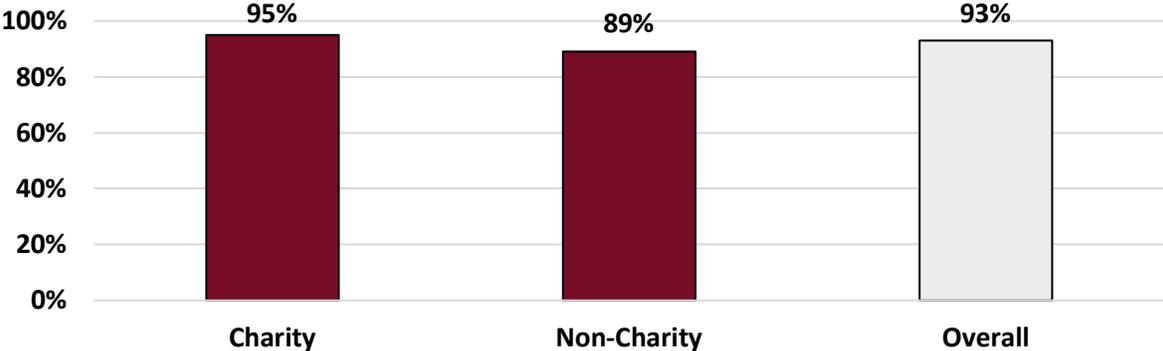
Figure D1: Percentage of Indiana nonprofits with a board of directors by size in terms of FTE (n=909)



Charity

Most charity nonprofits (95 percent) have a board of directors, although so do 89 percent of non-charities have a board of directors. The difference is significant.

Figure D2: Percentage of Indiana nonprofits with a board of directors by charity (n=615)



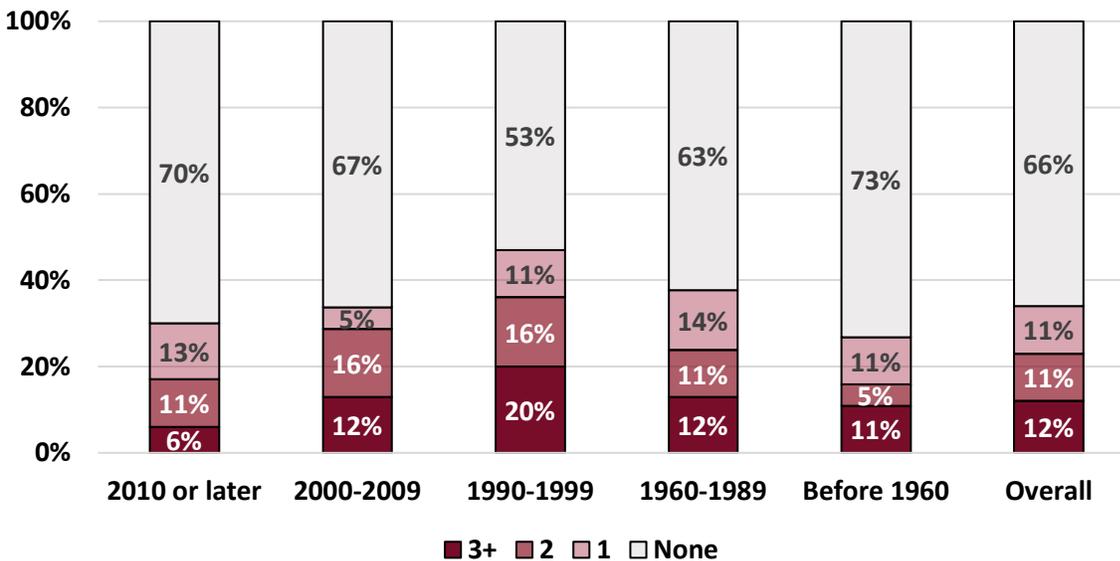
Board Vacancies

Four explanatory variables, funding profile, primary field of activity, charity, and board selection mechanism, are all significant at the multivariate level. When the explanatory variables are each analyzed in isolation, age, size, and formalization are also significant.

Age

The youngest nonprofits least likely (6 percent) to have three or more board vacancies, but they are also more likely to have no vacancies at all (70 percent), as are the oldest nonprofits (established before 1960). One fifth of nonprofits (20 percent) established between 1990-1999 have at least three board vacancies and almost half (47 percent) have at least one board vacancy and they are the least likely to have zero board vacancies. The age fluctuations may reflect how age is related to other factors that are important in predicting board vacancies such as size, primary field of activity, charity status, or board selection mechanism.

Figure D3: Number of board vacancies in Indiana nonprofits by age (n=696)

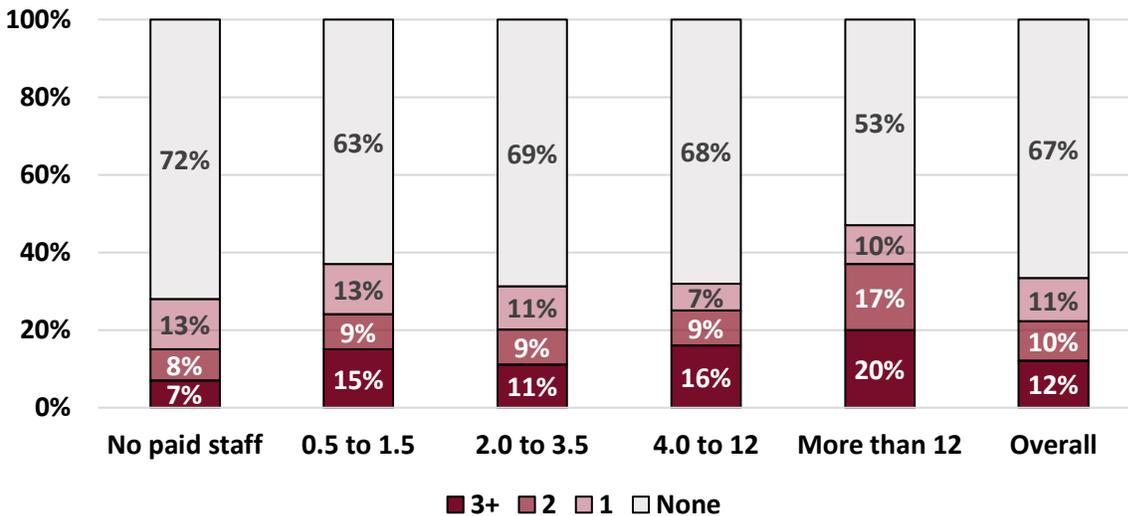


Size in terms of FTE

There is generally a positive association between staff size and board vacancies. Nonprofits with no paid staff are the least likely (7 percent) to have three or more board vacancies and the most likely to have no board vacancies (72 percent). The opposite holds for the largest nonprofits, those with more than 12 FTEs. They are the most likely (20 percent) to three or more board vacancies and the least likely to have no board vacancies (53 percent).

The number of board vacancies for larger nonprofits is likely explained at least in part by the fact that these nonprofits also are more likely to have larger board sizes, creating more opportunities for vacancies to exist at any given point in time.

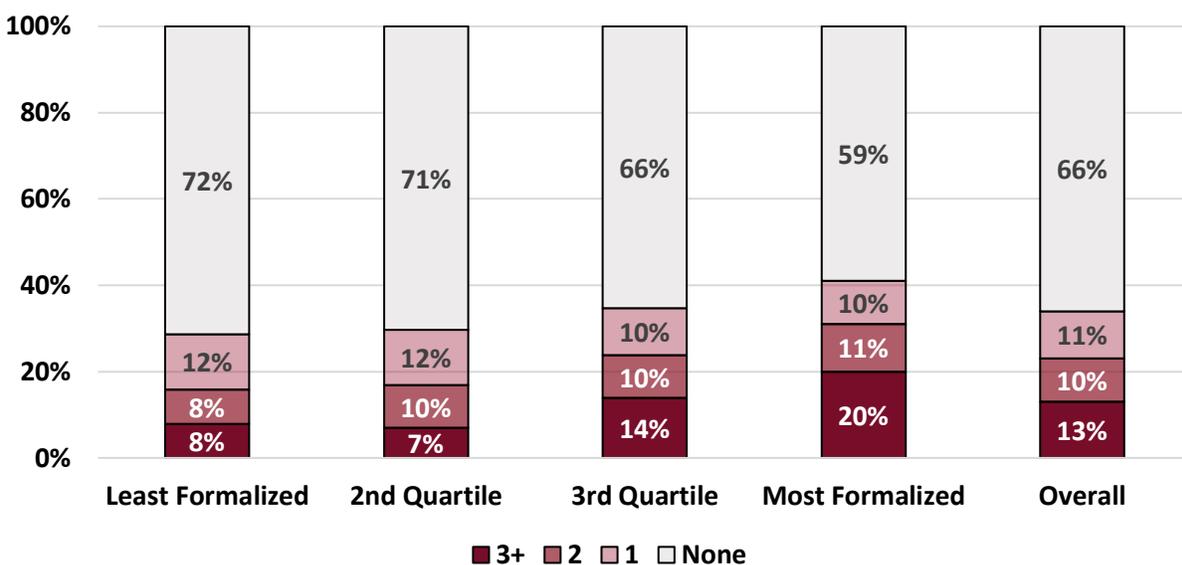
Figure D4: Number of board vacancies in Indiana nonprofits by size in terms of FTE (n=724)



Formalization

There is a positive relationship between formalization and number of board vacancies. Again, this relationship was expected since there is also a positive relationship between formalization and number of board members. One-fifth of the most formalized nonprofits (20 percent) have three or more board vacancies. This percentage then declines to 14 percent (3rd quartile), 7 percent (2nd quartile), and 8 percent for the least formalized nonprofits. In the same way, 59 percent of the most formalized nonprofits have no board vacancies, and this percentage steadily increases as formalization decreases – 66 percent (3rd quartile), 71 percent (2nd quartile), and 72 percent (least formalized).

Figure D5: Number of board vacancies in Indiana nonprofits by formalization (n=710)



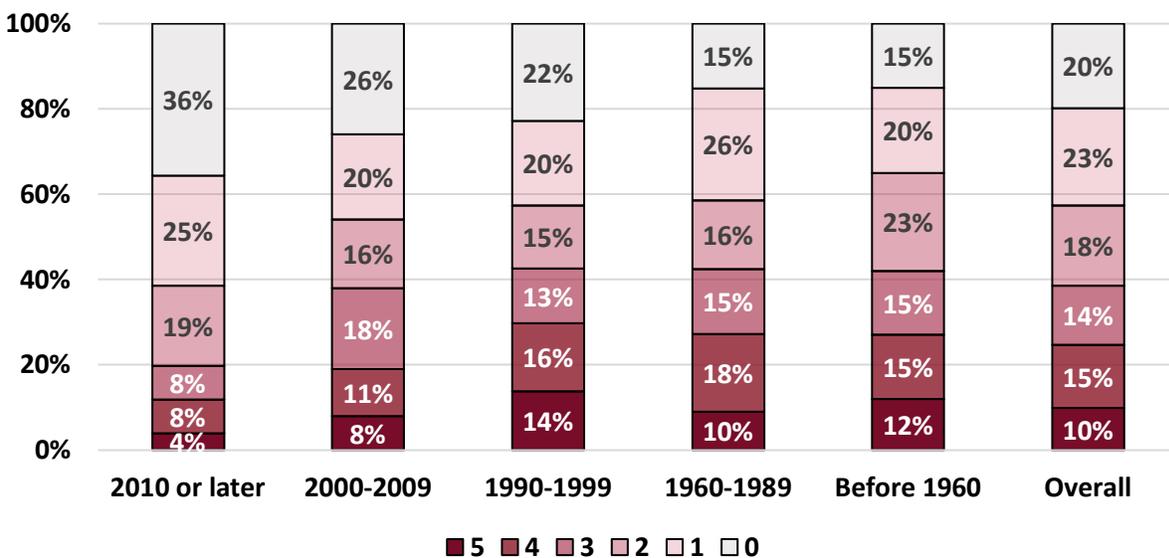
Board Resources

At the multivariate level, size, primary field of activity, and charity are all significantly related to board resources. Age and funding profile are also significant at the bivariate level when analyzed in isolation.

Age

As we found with staff resources, there is a positive relationship between the age of a nonprofit and the number of resources. Older nonprofits tend to have more board resources with 85 percent of nonprofits established before 1960 or between 1960-1989 indicating at least one board resource. The percentage steadily decreases with 78 percent (1990-1999), 74 percent (2000-2009), and 64 percent (2010 or later). Nonprofits established before 1960 (12 percent) and established between 1990-1999 (14 percent) have the greatest likelihood of having all five board resources present. We expected this positive relationship between age and number of board resources because as nonprofits grow older, they are likely to implement more organizational structures, which includes board resources.

Figure D6: Number of board resources in Indiana nonprofits by age (n=768)

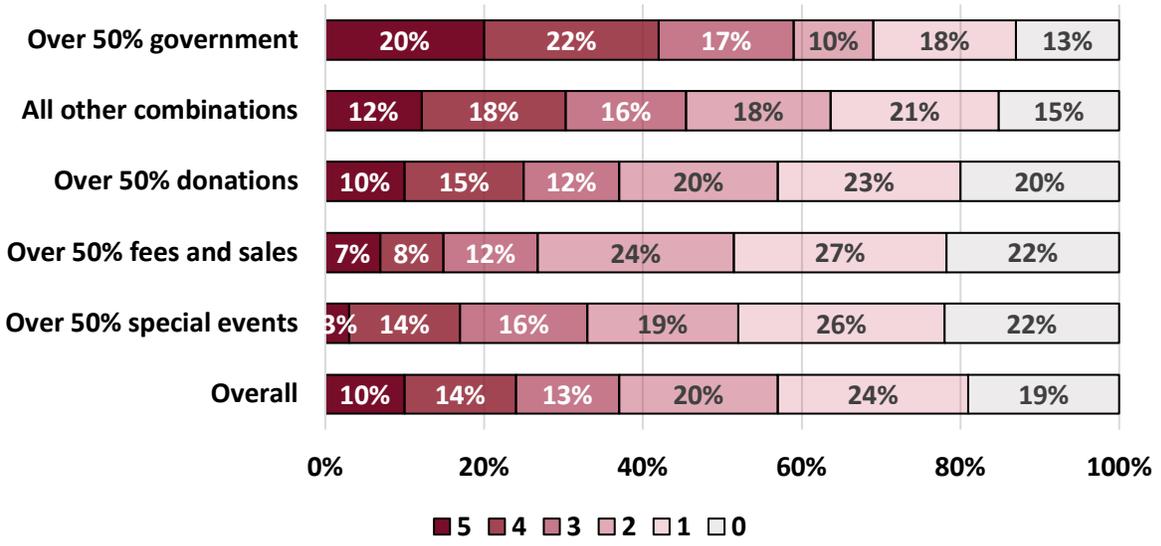


Funding Mix

Nonprofits that rely primarily on government funding have the most board resources available. This is consistent with the findings for staff resources and volunteer resources as well. One-fifth (20 percent) of nonprofits that rely on government funding have all five board resources and an additional 22 percent have four board related resources.

Board resources are less prominent among nonprofits primarily funded by special events and primarily funded by fees and sales. Only 7 percent of nonprofits primarily funded by fees and sales and 3 percent of nonprofits primarily funded by special events have all five board resources, and slightly more than one-fifth (22 percent) of these nonprofits have no board resources.

Figure D7: Number of board resources in Indiana nonprofits by funding mix (n=744)



APPENDIX E: MULTIVARIATE ANALYSES

Below, we display in-depth regression tables, including coefficients, for further information.

Table E1: Estimates from Binary Logistic Regression of Presence of Paid Staff

Variable	B	S.E.	Sig.	Exp(B)
Age	0.175	0.040	0.000**	1.191
Formalization	1.957	0.227	0.000**	7.078
Funding Mix (ref=Mixed)				
Funding Mix-Donations	0.151	0.297	0.612	1.163
Funding Mix-Fees and Sales	-0.126	0.308	0.683	0.882
Funding Mix-Government	1.337	0.533	0.012**	3.807
Funding Mix-Special Events	-1.682	0.465	0.000**	0.186
NTEE Code (ref=Human Services)				
NTEE-Education	-0.808	0.392	0.039**	0.446
NTEE-Public & Societal Benefit	-0.416	0.310	0.180	0.660
Charity	1.303	0.329	0.000**	3.679
Constant	-4.872	0.595	0.000**	0.008

Note: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$. The Model Chi-square=237.749 and $n=65$. The Nagelkerke R-squared=.475 (the proportion of variation in the dependent variable (**presence of paid staff**) explained by the independent variables), and there are 78.6% estimated correct predictions in the model.

Table E2: Estimates from Binary Logistic Regression of Presence of Paid Executive Director

Variable	B	S.E.	Sig.	Exp(B)
Age	-0.033	0.047	0.486	0.967
Formalization	1.595	0.309	0.000**	4.927
Funding Mix (ref=Mixed)				
Funding Mix-Donations	-0.459	0.436	0.293	0.632
Funding Mix-Fees and Sales	-0.025	0.482	0.959	0.975
Funding Mix-Government	-0.219	0.618	0.723	0.803
Funding Mix-Special Events	-1.532	0.848	0.071	0.216
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	-1.327	0.593	0.025**	0.265
NTEE-Education	-0.282	0.775	0.716	0.754
NTEE-Environment	-0.737	1.174	0.530	0.479
NTEE-Health	-0.169	0.759	0.824	0.845
NTEE-Mutual Benefit	-0.429	1.033	0.678	0.651
NTEE-Public & Societal Benefit	-0.548	0.580	0.345	0.578
NTEE-Religion	-1.262	0.550	0.022**	0.283
Charity	1.227	0.565	0.030**	3.411

Constant	-1.635	0.948	0.085	0.195
----------	--------	-------	-------	-------

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$, Model Chi-square=65.000, and $n=364$. The Nagelkerke R-squared=.267 (the proportion of variation in the dependent variable (**presence of paid executive director**) explained by the independent variables), and there are 83.5% estimated correct predictions in the model.

Table E3: Estimates from Linear Regression of Number of FTEs

Variable	B	S.E.	Sig.	Beta
Age	0.101	0.016	0.000**	0.231
Formalization	1.004	0.083	0.000**	0.428
Funding Mix (ref=Mixed)				
Funding Mix-Donations	-0.212	0.135	0.115	-0.069
Funding Mix-Fees and Sales	0.142	0.138	0.306	0.041
Funding Mix-Government	0.545	0.186	0.003**	0.109
Funding Mix-Special Events	-0.628	0.189	0.001**	-0.124
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	-0.402	0.175	0.022**	-0.085
NTEE-Education	-0.411	0.197	0.037**	-0.076
NTEE-Environment	-0.512	0.249	0.040**	-0.072
NTEE-Health	0.555	0.208	0.008**	0.094
NTEE-International	-0.169	0.799	0.832	-0.007
NTEE-Mutual Benefit	-0.501	0.298	0.093	-0.063
NTEE-Public & Societal Benefit	-0.304	0.152	0.046**	-0.087
NTEE-Religion	-0.052	0.165	0.753	-0.014
Charity	0.642	0.156	0.000**	0.189
Constant	-1.530	0.236	0.000**	

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$ and $n=555$. The Adjusted R-squared=.406 (the proportion of variation in the dependent variable (**number of FTE**) explained by the independent variables).

Table E4: Estimates from Linear Regression of Staff Resources

Variable	B	S.E.	Sig.	Beta
Age	0.003	0.025	0.891	0.007
Size (in terms of FTE)	0.636	0.061	0.000**	0.511
Funding Mix (ref=Mixed)				
Funding Mix-Donations	-0.061	0.202	0.764	-0.017
Funding Mix-Fees and Sales	-0.550	0.224	0.015**	-0.130
Funding Mix-Government	-0.299	0.259	0.249	-0.059
Funding Mix-Special Events	-0.198	0.467	0.672	-0.020
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	-0.946	0.270	0.001**	-0.173
NTEE-Education	0.143	0.311	0.646	0.022

NTEE-Environment	-0.015	0.541	0.977	-0.001
NTEE-Health	-0.232	0.282	0.411	-0.039
NTEE-International	0.288	1.379	0.835	0.009
NTEE-Mutual Benefit	-0.310	0.608	0.611	-0.024
NTEE-Public & Societal Benefit	0.422	0.259	0.105	0.091
NTEE-Religion	-0.913	0.233	0.000**	-0.229
Charity	0.310	0.288	0.283	0.063
Constant	2.472	0.353	0.000**	

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$ and $n = 346$. The Adjusted R-squared = .350 (the proportion of variation in the dependent variable (**staff resources**) explained by the independent variables).

Table E5: Estimates from Linear Regression of Challenges Managing Staff

Variable	Model 1				Model 2			
	B	S.E.	Sig.	Beta	B	S.E.	Sig.	Beta
Age	-0.013	0.012	0.254	-0.056	-0.014	0.016	0.390	-0.052
Size (in terms of FTE)	0.156	0.034	0.000**	0.238	0.144	0.044	0.001**	0.227
Formalization	0.050	0.089	0.575	0.029	0.112	0.145	0.441	0.053
Funding Mix (ref=Mixed)								
Funding Mix-Donations	-0.018	0.107	0.866	-0.01	0.059	0.131	0.650	0.033
Funding Mix-Fees and Sales	-0.085	0.119	0.476	-0.039	0.018	0.147	0.902	0.008
Funding Mix-Government	0.318	0.143	0.027**	0.117	0.361	0.167	0.032**	0.142
Funding Mix-Special Events	-0.454	0.273	0.097	-0.078	-0.449	0.292	0.126	-0.088
NTEE Code (ref=Human Services)								
NTEE-Arts, Culture, & Humanities	-0.277	0.155	0.075	-0.090	-0.391	0.170	0.022**	-0.142
NTEE-Education	-0.119	0.164	0.469	-0.036	-0.033	0.197	0.869	-0.010
NTEE-Environment	0.097	0.285	0.733	0.016	-0.096	0.323	0.767	-0.017
NTEE-Health	-0.313	0.161	0.053	-0.096	-0.453	0.180	0.012**	-0.149
NTEE-International	-0.119	0.584	0.839	-0.009	-0.694	0.818	0.397	-0.046
NTEE-Mutual Benefit	-0.233	0.291	0.425	-0.038	-0.018	0.341	0.958	-0.003
NTEE-Public & Societal Benefit	-0.280	0.135	0.038**	-0.110	-0.212	0.161	0.191	-0.091
NTEE-Religion	-0.095	0.123	0.436	-0.053	-0.015	0.161	0.928	-0.007
Charity	Not included				0.168	0.181	0.353	0.068
Board Vacancies	Not included				0.179	0.075	0.018**	0.135
Constant	2.099	0.217	0.000**		1.729	0.358	0.000**	

Notes: Coefficients significant at the $p < 0.05$ level marked with **. Both models are significant at $p = .000$. Model 1's Adjusted R-squared = .090 (the proportion of variation in the dependent

variable (**challenges managing staff**) explained by the independent variables) and n=458. Model 2's Adjusted R-squared=.124 (the proportion of variation in the dependent variable (**challenges managing staff**) explained by the independent variables) and n=306.

Table E6: Estimates from Linear Regression of Importance of Volunteers

Variable	B	S.E.	Sig.	Beta
Age	0.029	0.015	0.056	0.094
Size (in terms of FTE)	-0.169	0.041	0.000**	-0.237
Formalization	0.062	0.092	0.505	0.036
Funding Mix (ref=Mixed)				
Funding Mix-Donations	0.122	0.123	0.328	0.056
Funding Mix-Fees and Sales	-0.029	0.132	0.824	-0.012
Funding Mix-Government	-0.229	0.181	0.206	-0.062
Funding Mix-Special Events	0.324	0.179	0.070	0.091
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	-0.192	0.163	0.239	-0.058
NTEE-Education	-0.355	0.189	0.061	-0.090
NTEE-Environment	0.253	0.226	0.262	0.052
NTEE-Health	-0.487	0.198	0.014**	-0.115
NTEE-International	0.387	0.704	0.583	0.024
NTEE-Mutual Benefit	0.006	0.309	0.984	0.001
NTEE-Public & Societal Benefit	0.055	0.143	0.701	0.022
NTEE-Religion	0.055	0.152	0.718	0.021
Charity	-0.006	0.153	0.967	-0.003
Constant	4.982	0.238	0.000**	

Notes: Coefficients significant at the p<0.05 level marked with ** and those significant at the p<0.1 marked with *. The model is significant at p=.000 and n=490. The Adjusted R-squared=.089 (the proportion of variation in the dependent variable (**importance of volunteers**) explained by the independent variables).

Table E7: Estimates from Linear Regression of Volunteer Resources

Variable	B	S.E.	Sig.	Beta
Age	-0.001	0.023	0.977	-0.001
Size (in terms of FTE)	0.313	0.053	0.000**	0.289
Funding Mix (ref=Mixed)				
Funding Mix-Donations	0.157	0.183	0.391	0.047
Funding Mix-Fees and Sales	-0.138	0.197	0.486	-0.035
Funding Mix-Government	0.260	0.269	0.334	0.046
Funding Mix-Special Events	0.407	0.271	0.134	0.073
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	-0.755	0.242	0.002**	-0.151
NTEE-Education	-0.872	0.280	0.002**	-0.147

NTEE-Environment	-0.646	0.330	0.051	-0.089
NTEE-Health	-0.956	0.295	0.001**	-0.148
NTEE-International	0.057	1.047	0.956	0.002
NTEE-Mutual Benefit	-0.273	0.460	0.554	-0.028
NTEE-Public & Societal Benefit	-0.403	0.215	0.062	-0.105
NTEE-Religion	-0.635	0.221	0.004**	-0.157
Charity	0.480	0.227	0.035**	0.125
Constant	1.323	0.274	0.000**	

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$ and $n = 487$. The Adjusted R-squared = .140 (the proportion of variation in the dependent variable (**volunteer resources**) explained by the independent variables).

Table E8: Estimates from Binary Logistic Regression of Presence of Volunteer Coordinator

Variable	B	S.E.	Sig.	Exp(B)
Age	0.000	0.038	0.992	1.000
Size (in terms of FTE)	-0.272	0.102	0.008**	0.762
Formalization	3.229	0.409	0.000**	25.26
Funding Mix (ref=Mixed)				
Funding Mix-Donations	0.724	0.304	0.017**	2.062
Funding Mix-Fees and Sales	0.553	0.351	0.115	1.738
Funding Mix-Government	0.286	0.439	0.515	1.331
Funding Mix-Special Events	0.871	0.505	0.085	2.390
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	-0.479	0.397	0.228	0.619
NTEE-Education	-0.779	0.467	0.095	0.459
NTEE-Environment	-0.910	0.626	0.146	0.403
NTEE-Health	-0.797	0.473	0.092	0.451
NTEE-Mutual Benefit	-0.482	0.845	0.568	0.617
NTEE-Public & Societal Benefit	-1.213	0.374	0.001**	0.297
NTEE-Religion	0.070	0.365	0.848	1.073
Charity	-0.164	0.411	0.690	0.849
Constant	-6.974	0.946	0.000**	0.001

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$, Model Chi-square = 147.352, and $n = 483$. The Nagelkerke R-squared = .360 (the proportion of variation in the dependent variable (**presence of volunteer coordinator**) explained by the independent variables), and there are 73.1% estimated correct predictions in the model.

Table E9: Estimates from Binary Logistic Regression of Volunteer Coordinator Compensation

Variable	B	S.E.	Sig.	Exp(B)
Age	0.143	0.079	0.073	1.153
Size (in terms of FTE)	1.239	0.275	0.000**	3.453
Formalization	2.299	0.950	0.016**	9.968
Funding Mix (ref=Mixed)				
Funding Mix-Donations	1.263	0.702	0.072	3.537
Funding Mix-Fees and Sales	-1.087	0.820	0.185	0.337
Funding Mix-Government	1.269	0.965	0.189	3.557
Funding Mix-Special Events	-1.704	1.393	0.221	0.182
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	-0.099	0.962	0.918	0.905
NTEE-Education	0.362	1.052	0.731	1.437
NTEE-Environment	0.131	1.446	0.928	1.140
NTEE-Health	-2.276	1.070	0.033**	0.103
NTEE-International	-1.468	2.538	0.563	0.230
NTEE-Mutual Benefit	1.862	2.286	0.415	6.434
NTEE-Public & Societal Benefit	-0.686	1.007	0.496	0.504
NTEE-Religion	-1.612	0.708	0.023**	0.200
Charity	0.889	1.005	0.376	2.433
Constant	-8.648	2.507	0.001**	0.000

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$, Model Chi-square=113.976, and $n = 169$. The Nagelkerke R-squared=.654 (the proportion of variation in the dependent variable (**volunteer coordinator compensation**) explained by the independent variables), and there are 86.4% estimated correct predictions in the model.

Table E10: Estimates from Linear Regression of Challenges Managing Volunteers

Variable	B	S.E.	Sig.	Beta
Age	0.010	0.011	0.357	0.039
Size (in terms of FTE)	0.005	0.032	0.869	0.008
Formalization	0.147	0.068	0.031**	0.097
Funding Mix (ref=Mixed)				
Funding Mix-Donations	0.064	0.098	0.516	0.033
Funding Mix-Fees and Sales	0.058	0.104	0.578	0.025
Funding Mix-Government	0.290	0.154	0.060	0.079
Funding Mix-Special Events	0.175	0.145	0.229	0.052
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	-0.027	0.132	0.836	-0.009
NTEE-Education	-0.206	0.152	0.175	-0.056
NTEE-Environment	0.286	0.187	0.126	0.061

NTEE-Health	-0.276	0.171	0.108	-0.065
NTEE-International	-0.083	0.386	0.829	-0.008
NTEE-Mutual Benefit	-0.443	0.231	0.055	-0.075
NTEE-Public & Societal Benefit	-0.245	0.112	0.029**	-0.098
NTEE-Religion	-0.014	0.112	0.899	-0.007
Constant	2.232	0.155	0.000**	

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .037$ and $n = 702$. The Adjusted R-squared = .016 (the proportion of variation in the dependent variable (**challenges managing volunteers**) explained by the independent variables).

Table E11: Estimates from Binary Logistic Regression of Presence of a Board of Directors

Variable	B	S.E.	Sig.	Exp(B)
Age	-0.076	0.071	0.283	0.927
Size (in terms of FTE)	0.084	0.237	0.725	1.087
Formalization	1.958	0.337	0.000**	0.708
Funding Mix (ref=Mixed)				
Funding Mix-Donations	-0.243	0.918	0.791	0.784
Funding Mix-Fees and Sales	-1.692	0.751	0.024**	0.184
Funding Mix-Government	-2.202	0.955	0.034**	0.132
Funding Mix-Special Events	-2.238	0.804	0.005**	0.107
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	0.471	0.912	0.605	1.602
NTEE-Education	-0.513	0.803	0.523	0.599
NTEE-Environment	0.803	1.180	0.496	2.231
NTEE-Health	1.292	1.291	0.317	3.640
NTEE-Mutual Benefit	0.531	1.148	0.644	1.701
NTEE-Public & Societal Benefit	0.316	0.672	0.638	1.372
NTEE-Religion	0.018	0.842	0.983	1.019
Charity	-0.398	0.645	0.538	0.672
Constant	1.313	0.997	0.188	3.716

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$, Model Chi-square = 67.858, and $n = 554$. The Nagelkerke R-squared = .335 (the proportion of variation in the dependent variable (**presence of board of directors**) explained by the independent variables), and there are 95.1% estimated correct predictions in the model.

Table E12: Estimates from Binary Logistic Regression of Board Member Selection Mechanism – Self-Perpetuating Model

Variable	B	S.E.	Sig.	Exp(B)
Age	-0.237	0.039	0.000**	0.789
Size (in terms of FTE)	0.437	0.103	0.000**	1.548
Formalization	-1.66	0.240	0.488	0.847

Funding Mix (ref=Mixed)				
Funding Mix-Donations	0.345	0.298	0.246	1.412
Funding Mix-Fees and Sales	-0.560	0.307	0.068	0.571
Funding Mix-Government	-0.853	0.413	0.039**	0.426
Funding Mix-Special Events	0.457	0.450	0.311	1.579
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	0.074	0.398	0.853	1.076
NTEE-Education	-0.426	0.431	0.323	0.653
NTEE-Environment	-1.203	0.522	0.021**	0.300
NTEE-Health	-0.460	0.452	0.309	0.632
NTEE-International	-1.609	1.445	0.266	0.200
NTEE-Mutual Benefit	0.704	0.651	0.279	2.022
NTEE-Public & Societal Benefit	-0.295	0.344	0.390	0.744
NTEE-Religion	-1.487	0.359	0.000**	0.226
Charity	1.298	0.352	0.000**	3.660
Constant	0.749	0.584	0.199	2.115

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$, Model Chi-square=150.647, and $n=509$. The Nagelkerke R-squared=.343 (the proportion of variation in the dependent variable ((**board selection mechanism – self-perpetuating model**)) explained by the independent variables), and there are 75.2% estimated correct predictions in the model.

Table E13: Estimates from Binary Logistic Regression of Board Member Selection Mechanism – Pure Associational Model

Variable	B	S.E.	Sig.	Exp(B)
Age	0.183	0.039	0.000**	1.201
Size (in terms of FTE)	-0.568	0.130	0.000**	0.567
Formalization	0.136	0.253	0.592	1.146
Funding Mix (ref=Mixed)			e	
Funding Mix-Donations	-0.304	0.342	0.375	0.738
Funding Mix-Fees and Sales	0.719	0.325	0.027**	2.052
Funding Mix-Government	0.587	0.480	0.221	1.798
Funding Mix-Special Events	-0.119	0.460	0.796	0.888
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	-0.260	0.504	0.606	0.771
NTEE-Education	0.713	0.474	0.132	2.040
NTEE-Environment	0.760	0.583	0.193	2.138
NTEE-Health	0.306	0.553	0.580	1.358
NTEE-International	2.512	1.489	0.092	12.33
NTEE-Mutual Benefit	-0.056	0.640	0.931	0.946
NTEE-Public & Societal Benefit	0.509	0.369	0.168	1.663
NTEE-Religion	1.403	0.410	0.001**	4.067

Charity	-1.246	0.348	0.000**	0.288
Constant	-1.228	0.614	0.045**	

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$, Model Chi-square=142.872, and $n=509$. The Nagelkerke R-squared=.348 (the proportion of variation in the dependent variable ((**board selection mechanism – pure associational model**) explained by the independent variables), and there are 79.4% estimated correct predictions in the model.

Table E14: Estimates from Binary Logistic Regression of Board Member Selection Mechanism – Modified Associational Model

Variable	B	S.E.	Sig.	Exp(B)
Age	0.186	0.037	0.000**	1.205
Size (in terms of FTE)	-0.414	0.106	0.000**	0.661
Formalization	0.348	0.241	0.148	1.416
Funding Mix (ref=Mixed)				
Funding Mix-Donations	-0.431	0.305	0.158	0.65
Funding Mix-Fees and Sales	0.573	0.305	0.061	1.773
Funding Mix-Government	0.443	0.427	0.299	1.558
Funding Mix-Special Events	-0.299	0.446	0.503	0.741
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	-0.129	0.423	0.761	0.879
NTEE-Education	0.596	0.435	0.171	1.814
NTEE-Environment	1.067	0.528	0.043**	2.907
NTEE-Health	0.293	0.482	0.543	1.341
NTEE-International	1.884	1.452	0.195	6.577
NTEE-Mutual Benefit	-0.597	0.629	0.343	0.551
NTEE-Public & Societal Benefit	0.396	0.346	0.252	1.486
NTEE-Religion	1.412	0.368	0.000**	4.106
Charity	-1.377	0.344	0.000**	0.252
Constant	-1.091	0.583	0.061	0.336

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$, Model Chi-square=135.585, and $n=509$. The Nagelkerke R-squared=.318 (the proportion of variation in the dependent variable ((**board selection mechanism – modified associational model**) explained by the independent variables), and there are 74.1% estimated correct predictions in the model.

Table E15: Estimates from Linear Regression of Number of Board Members

Variable	B	S.E.	Sig.	Beta
Age	0.040	0.008	0.000**	0.214
Size (in terms of FTE)	0.130	0.021	0.000**	0.314
Formalization	0.227	0.051	0.000**	0.208
Funding Mix (ref=Mixed)				

Funding Mix-Donations	0.095	0.063	0.131	0.074
Funding Mix-Fees and Sales	0.033	0.066	0.613	0.023
Funding Mix-Government	-0.124	0.089	0.163	-0.059
Funding Mix-Special Events	0.115	0.095	0.228	0.051
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, and Humanities	0.157	0.082	0.057	0.08
NTEE-Education	-0.136	0.093	0.144	-0.060
NTEE-Environment	-0.033	0.116	0.775	-0.011
NTEE-Health	0.015	0.097	0.880	0.006
NTEE-International	-0.306	0.362	0.398	-0.032
NTEE-Mutual Benefit	-0.278	0.145	0.055	-0.08
NTEE-Public & Societal Benefit	0.078	0.072	0.282	0.053
NTEE-Religion	-0.308	0.078	0.000**	-0.192
Charity	-0.037	0.076	0.632	-0.025
Constant	1.469	0.127	0.000**	

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$ and $n = 507$. The Adjusted R-squared = .304 (the proportion of variation in the dependent variable (**number of board members**) explained by the independent variables).

Table E16: Estimates from Linear Regression of Number of Board Vacancies

Variable	Model 1				Model 2			
	B	S.E.	Sig.	Beta	B	S.E.	Sig.	Beta
Age	0.003	0.010	0.799	0.013	0.011	0.011	0.312	0.054
Size (in terms of FTE)	0.017	0.027	0.526	0.039	0.003	0.027	0.913	0.007
Formalization	0.005	0.066	0.937	0.005	0.01	0.066	0.884	0.008
Funding Mix (ref=Mixed)								
Funding Mix-Donations	-0.044	0.079	0.582	-0.033	-0.058	0.080	0.467	-0.043
Funding Mix-Fees and Sales	-0.193	0.083	0.020**	-0.126	-0.181	0.084	0.031**	-0.118
Funding Mix-Government	-0.281	0.111	0.011**	-0.131	-0.262	0.112	0.020**	-0.122
Funding Mix-Special Events	-0.059	0.121	0.627	-0.025	-0.063	0.123	0.610	-0.026
NTEE Code (ref=Human Services)								
NTEE-Arts, Culture & Humanities	-0.009	0.102	0.928	-0.005	-0.013	0.102	0.896	-0.007
NTEE-Education	-0.130	0.117	0.265	-0.055	-0.119	0.117	0.307	-0.051
NTEE-Environment	-0.056	0.142	0.962	0.019	0.092	0.143	0.519	0.031
NTEE-Health	-0.037	0.125	0.767	-0.014	-0.012	0.125	0.921	-0.005
NTEE-International	-0.292	0.442	0.509	-0.030	-0.238	0.441	0.591	-0.024

NTEE-Mutual Benefit	-0.159	0.187	0.395	-0.043	-0.187	0.187	0.317	-0.050
NTEE-Public & Societal Benefit	-0.096	0.091	0.295	-0.062	-0.077	0.092	0.402	-0.050
NTEE-Religion	-0.295	0.099	0.003**	-0.173	-0.245	0.101	0.016**	-0.143
Charity	0.262	0.096	0.006**	0.096	0.220	0.099	0.027**	0.144
Board Selection: Self-Perpetuating	Not included				0.166	0.066	0.013**	0.130
Constant	0.370	0.159	0.020**		0.263	0.165	0.111	

Notes: Coefficients significant at the $p < 0.05$ level marked with **. Model 1 is significant at $p = .001$, $n = 478$, and Adjusted R-squared = .049 (the proportion of variation in the dependent variable (**board vacancies**) explained by the independent variables). Model 2 is significant at $p = .000$, $n = 473$, and the Adjusted R-squared = .058.

Table E17: Estimates from Linear Regression of Board Resources

Variable	B	S.E.	Sig.	Beta
Age	0.035	0.022	0.122	0.068
Size (in terms of FTE)	0.475	0.051	0.000**	0.423
Funding Mix (ref=Mixed)				
Funding Mix-Donations	0.165	0.175	0.346	0.047
Funding Mix-Fees and Sales	-0.281	0.184	0.127	-0.071
Funding Mix-Government	-0.122	0.249	0.625	-0.021
Funding Mix-Special Events	0.019	0.267	0.943	0.003
NTEE Code (ref=Human Services)				
NTEE-Arts, Culture, & Humanities	-0.585	0.229	0.011**	-0.111
NTEE-Education	0.128	0.262	0.626	0.021
NTEE-Environment	-0.384	0.331	0.246	-0.047
NTEE-Health	-0.243	0.272	0.373	-0.037
NTEE-International	-0.357	1.020	0.726	-0.014
NTEE-Mutual Benefit	0.237	0.408	0.561	0.025
NTEE-Public & Societal Benefit	0.426	0.203	0.036**	0.106
NTEE-Religion	-1.125	0.215	0.000**	-0.256
Charity	0.587	0.212	0.006**	0.150
Constant	1.216	0.263	0.000**	

Notes: Coefficients significant at the $p < 0.05$ level marked with **. The model is significant at $p = .000$ and $n = 510$. The Adjusted R-squared = .254 (the proportion of variation in the dependent variable (**board resources**) explained by the independent variables).

Table E18: Estimates from Linear Regression of Challenges Managing Board

Variable	Model 1				Model 2			
	B	S.E.	Sig.	Beta	B	S.E.	Sig.	Beta
Age	0.007	0.01	0.455	0.031	-0.008	0.011	0.469	-0.033
Size (in terms of FTE)	-0.031	0.029	0.279	-0.052	-0.055	0.031	0.076	-0.093

Formalization	0.161	0.065	0.014**	0.112	0.143	0.070	0.040**	0.099
Funding Mix (ref=Mixed)								
Funding Mix- Donations	-0.021	0.087	0.807	-0.012	-0.038	0.086	0.662	-0.022
Funding Mix-Fees and Sales	0.006	0.088	0.946	0.003	0.078	0.089	0.382	0.041
Funding Mix- Government	0.043	0.129	0.737	0.014	0.056	0.129	0.665	0.018
Funding Mix- Special Events	-0.079	0.133	0.553	-0.025	-0.003	0.134	0.985	-0.001
NTEE Code (ref=Human Services)								
NTEE-Arts, Culture & Humanities	0.080	0.114	0.484	0.029	0.050	0.111	0.653	0.019
NTEE-Education	-0.145	0.126	0.250	-0.046	-0.110	0.125	0.381	-0.035
NTEE- Environment	0.205	0.165	0.214	0.048	0.135	0.159	0.397	0.033
NTEE-Health	0.031	0.146	0.834	0.008	0.004	0.147	0.976	0.001
NTEE- International	-0.107	0.343	0.756	-0.012	-0.038	0.399	0.925	-0.004
NTEE-Mutual Benefit	-0.398	0.170	0.020**	-0.092	-0.243	0.170	0.153	-0.057
NTEE-Public & Societal Benefit	-0.198	0.095	0.037**	-0.091	-0.176	0.096	0.067	-0.081
NTEE-Religion	-0.201	0.101	0.046**	-0.103	-0.053	0.104	0.610	-0.027
Board Selection- Self-perpetuating	Not included				-0.103	0.070	0.141	-0.063
Number of Board Members	Not included				0.136	0.062	0.028**	0.100
Number of Board Vacancies	Not included				0.381	0.052	0.000**	0.285
Constant	1.998	0.143	0.000**		1.695	0.172	0.000**	

Notes: Coefficients significant at the $p < 0.05$ level marked with **. Model 1 is significant at $p = .035$, $n = 737$, Adjusted R-squared = .015 (the proportion of variation in the dependent variable (**challenges managing boards**) explained by the independent variables). Model 2 is significant at $p = .000$, $n = 665$, Adjusted R-squared = .095 (the proportion of variation in the dependent variable (**challenges managing boards**) explained by the independent variables).

APPENDIX F: OVERVIEW OF THE INDIANA NONPROFITS PROJECT

Since 2000, the **Indiana Nonprofits Project: Scope and Community Dimensions** has produced a substantial body of research about the nonprofit sector in Indiana: its composition and structure, its contributions to Indiana, the challenges it faces, and how these features vary across Indiana communities. The goal of this collaborative research effort is to help community leaders develop effective and collaborative solutions to community needs and to inform public policy decisions.

The project is directed by [Kirsten Grønbjerg](#), Distinguished Professor, [O'Neill School of Public and Environmental Affairs](#) and Efroymsen Chair in Philanthropy (2001-2020) at the [Lilly Family School of Philanthropy](#) (LFSOP), with support from the Project's distinguished [Advisory Board](#),³⁹ the contributions of more than 100 research assistants – undergraduate, masters, and doctoral students – and financial support as described in the Acknowledgements on page 2.

The project's major components include:

[Surveys of Indiana nonprofits](#). This component includes five surveys of Indiana nonprofits:

- Round I: Comprehensive survey of Indiana nonprofits (2002) in collaboration with the IU *Center for Survey Research* (CSR); 7 statewide reports on special topics and 12 regional reports on the nonprofit sector in selected communities across the state.
- Round II: Two surveys on nonprofit capacity and management challenges, including a survey (2007) for the *Indiana Philanthropy Alliance and the Lumina Foundation for Education* (1 report) and a more extensive survey (2010) for the *Indiana Arts Commission* (2 reports).
- Round III: Comprehensive survey of Indiana nonprofits (2017) in collaboration with the CSR is currently being analyzed and is the basis for this report.
- Round IV: Impact of COVID-19 on Indiana nonprofits (May 2020) in collaboration with Indiana University Way.

[Trends in paid nonprofit employment in Indiana](#). This component, undertaken in collaboration with the *Indiana Business Research Center* (IBRC), includes analyses of trends in nonprofit paid employment over time by industry and with comparisons to paid employment in the private and government sectors.

- Statewide trends in paid nonprofit employment by industry and sector (5 reports)
- Statewide trends in paid nonprofit employment for in selected industries (6 reports)

[Community reports](#). This component focuses on the scope and composition of the nonprofit sector in communities across the state:

- Featured community reports for 7 metropolitan regions and 5 non-metropolitan counties across the state, including size and composition of the nonprofit sector and profiles based on Round I survey of Indiana nonprofits (2002)
- Regional trends in paid nonprofit employment by industry with comparisons to private and government sector employment: Metropolitan Areas and Economic Growth Regions (2007, 2018-2019) and the Fort Wayne Metropolitan area (2015), in collaboration with IBRC.

³⁹ See <https://nonprofit.indiana.edu/about/advisory-board.html>

- County reports on nonprofit paid employment 1995-2009 for Indiana counties with a population of 50,000 residents or more (29 reports), in collaboration with IBRC.

Surveys of local government officials. This component is based on surveys of Indiana local government officials (LGOs) on topics of special interest to Indiana nonprofits in collaboration with the *Indiana Advisory Commission on Intergovernmental Relations* (IACIR).

- Major disasters: assessing preparedness and reliance on nonprofits.
- Trust in Nonprofits: 2 reports.
- Government-nonprofit relations: 4 reports.
- PILOT/SILOT policies: attitudes towards requiring charities to provide payments (or services) in lieu of real estate taxes (PILOTS/SILOTS), 4 reports.
- 2-1-1 information and referral services: 2 reports.

Special topics. Several smaller projects have been completed in response to major national policy initiatives, as extensions of project components described above, or as special opportunities presented themselves.

- Overtime pay regulation: the likely impact on Indiana nonprofits by changes in the Fair Labor Standards Act (proposed 2016) on overtime pay for exempt employees,
- IRS Exempt Status Initiative: the impact of major changes in IRS reporting and compliance requirements mandated by the Pension Protection Act of 2006.
- Two surveys of Indiana residents conducted in collaboration with the CSR. This includes a 2001 survey on affiliation and involvement with Indiana nonprofits in preparation for Round I survey of Indiana nonprofits, and a 2008 survey on trust in nonprofits in collaboration with CSR.
- Comprehensive database of Indiana nonprofits, initially completed in preparation for Round I survey of Indiana nonprofits, now hosted by the IBRC.

For a full description of the project and access to all project reports, please visit <https://nonprofit.indiana.edu>.



O'NEILL

SCHOOL OF PUBLIC AND
ENVIRONMENTAL AFFAIRS



IUPUI

LILLY FAMILY SCHOOL OF PHILANTHROPY