Responding to COVID-19: International nonprofits' stakeholder channels, resource pressures and governance responses

Emma L. Willems1 | Stijn Van Puyvelde1 | Marc Jegers1 | Peter Raeymaeckers2

1Department of Applied Economics, Vrije Universiteit Brussel, Brussels, Belgium
2Faculty of Social Sciences, Universiteit Antwerpen, Antwerp, Belgium

Abstract

The coronavirus disease 2019 (COVID-19) health crisis imposes severe pressures on nonprofit organizations, which must be resilient to respond effectively to extreme environmental tensions. We combined resource dependence theory with stakeholder theory to frame to what extent nonprofits experienced resource pressures through various stakeholder channels and the nonprofit governance responses. We empirically investigated international medical research and education nonprofits during the COVID-19 pandemic. Our results indicate resource decreases in nearly all stakeholder channels. In response, nonprofit boards increased activity levels by mainly focusing on adapting organizational offerings and increasing support to the organization. Managerial executives also increased their activity levels, by focusing on safeguarding financial stability, planning and adapting operations to confinement measures.

KEYWORDS

external shocks, organizational governance, resilience

1 | INTRODUCTION

The coronavirus disease 2019 (COVID-19) pandemic affects the global economy in unprecedented ways. Nonprofit organizations are not spared from impact. Reports revealed pandemic-induced resource pressures (Kim & Mason, 2020). Main concerns emerged about nonprofits’ finances (AMRC, 2020; Beaton, 2020; Deitrick et al., 2020; Grønbjerg et al., 2020; Lasby, 2020; Mumford & Greene, 2020; Shi et al., 2020), human resources (AMRC, 2020; Grønbjerg et al., 2020; Lasby, 2020; Maher et al., 2020; Mumford & Greene, 2020) and programme or activity continuation (AMRC, 2020; Beaton, 2020; Deitrick et al., 2020; Grønbjerg et al., 2020; Lasby, 2020; Maher et al., 2020). Current literature shows the strong impact of COVID-19 and associated lockdown measures on nonprofits but remains largely silent on how nonprofits react to the pandemic. Their resilience to external shocks, defined as the ability to realize positive adaptation when confronted with threats (Sutcliffe & Vogus, 2003), is usually studied in relation to organizational characteristics and capacities. Such studies, for example, reveal how the financial vulnerability is linked to responsive actions (Tuckman & Chang, 1991). Nonprofit governance literature emphasizes coping mechanisms at the level of the board and managerial executive to deal with pressures (Van Puyvelde, 2016). As adequate governance practices result in effective and resilient nonprofits (Green & Griesinger, 1996), it is useful to research the (changing) roles of governance actors when experiencing external shocks. Such literature is scant for the COVID-19 case or for comparable crises.
We propose two contributions to the literature on this topic. First, we suggest an original theoretical framework that allows for investigating crisis-induced resource pressures and organizational governance responses in a consistent manner. We built this framework on the principles of resource dependence theory and stakeholder theory (ST) as they both frame interdependence between organizations and their environments, while also framing governance responses to ensure organizational survival. Hence, the framework proves useful for revealing nonprofit resilience. Second, we applied this unified framework to the COVID-19 case for which evidence on governance coping mechanisms is scant, also because of the idiosyncrasies of this particular crisis. Our empirical analysis focused on international nonprofits in the field of medical research and education. These organizations face additional challenges like cancellations and postponements in clinical trials, which are expected to cause high costs and reduce clinical trial relevance (AMRC, 2020). We first hypothesized that nonprofits experience increased resource pressures through external and internal stakeholders. We further hypothesized nonprofits to experience increased board and managerial executive activity levels in response to COVID-19-induced resource pressures. The method section clarifies our methodology. Results are described and discussed, followed by a conclusion overviewing the main contributions, limitations and suggestions for further research.

2 | LITERATURE REVIEW

2.1 | Resource dependence theory (RDT)

RDT is often applied to nonprofit governance (Brown, 2005; Callen et al., 2010; Miller-Millesen, 2003). It orients towards understanding the task environment (Oliver, 1991) and builds on the observation that organizations heavily rely on acquiring and safeguarding resources for their survival (Pfeffer & Salancik, 1978). Consequently, governance activities in the scope of RDT (boundary-spanning responses) focus on dealing with environmental tensions and reducing resource dependence (Callen et al., 2010; Hillman et al., 2009; Pfeffer & Salancik, 1978; Oliver, 1991). Managerial executives and boards actively manage environmental dependencies and mitigate resource-related risks (Pfeffer & Salancik, 1978). As such, boards establish connections with external powers (Cornforth, 2003; Miller-Millesen, 2003; Pfeffer & Salancik, 1978). A well-known practice is board interlocking with stakeholder groups to facilitate access to information and resources (Pfeffer & Salancik, 1978; Willems et al., 2015). Managers similarly play a key role in handling contextual dependencies (Herman & Heimovics, 1990; Malatesta & Smith, 2014; Pfeffer & Salancik, 1978), resource acquisition and improving the organizational image (Callen et al., 2010; Miller-Millesen, 2003), collaborating with external stakeholders (Callen et al., 2010; Pfeffer & Salancik, 1978) and strengthening external support (Langer & LeRoux, 2017) are all boundary-spanning activities, aiming to diminish dependence uncertainties (Pfeffer & Salancik, 1978).

2.2 | Stakeholder theory (ST)

Similar to RDT, ST aims at understanding governance actions and processes. Stakeholders are individuals or groups that influence, or are influenced by, the (for-profit or nonprofit) organization (Freeman, 1984). They are internal, external or interface to the organization (Savage et al., 1991; Van Puyvelde et al., 2012). ST emphasizes that stakeholder groups each have their own influence on and/or understanding of the organization (Abzug & Webb, 1999; Savage et al., 1991). Adequate stakeholder relationship management therefore plays a pivotal role in successful organizations (Balser & McClusky, 2005; Donaldson & Preston, 1995; Freeman, 1984) as it facilitates access to information or other resources (Harrison et al., 2015) while strengthening the organization's negotiating position (Hung, 1998). Governance actions related to these aims are of a coordinating nature (Van Puyvelde, 2016). Comparable to RDT, actions of the board (Donaldson & Preston, 1995; Hung, 1998) and managerial executive (Harrison et al., 2015; Savage et al., 1991) can be studied in an ST framework.

2.3 | Theoretical framework and hypothesis development

2.3.1 | Theoretical framework

We construct a theoretical framework based on RDT and ST. Both theories are contingency theories with respect to the external environment, be it in different ways (Hung, 1998). Both strongly value relationships with resource controllers (Pfeffer & Salancik, 1978; Savage et al., 1991). Moreover, these theories share a ‘dependence’ core (Abzug & Webb, 1999; Hillman et al., 2009), depicting relations of influence. On their dependency bases, integration into one framework is possible. An integrated RDT–ST framework, as shown in Figure 1, allows to investigate resource dependencies through stakeholder channels. This improves our understanding of crises’ impact on stakeholder ecosystems and related resource streams. In line with Van Puyvelde et al. (2012), we consider funders, beneficiaries (e.g., clients or members of the organization), suppliers/contractors, organizational partners and others (e.g., media and community groups) as external stakeholders, and employees and operational volunteers (volunteers directly involved in service provision) as internal stakeholders. RDT and ST predict an active role for managerial executives (internal stakeholders) and boards (interface stakeholders) in managing stakeholders and resource pressures. We therefore do not investigate resource pressures experienced through them, but rather their responsive actions. Hence, our RDT–ST framework enables the assessment of resilience through governance responses to external shocks, where
governance refers to the board and manager. The latter addresses Bundy et al.’s (2017) multilevel research suggestion.

In what follows, we apply our framework to COVID-19. The next sections cover the literature on resource pressures and governance responses during external shocks.

2.3.2 | Resource pressures

External shocks such as financial crises (Lin & Wang, 2016) and natural disasters (Chen, 2021) pressure financial resources of nonprofits. In the same vein, COVID-19 gave rise to financial concerns in the nonprofit sector (AMRC, 2020; Beaton, 2020; Deitrick et al., 2020; Grønbjerg et al., 2020; Lasby, 2020; Mumford & Greene, 2020; Shi et al., 2020). Reports also disclosed concerns about volunteer engagement (Lasby, 2020), employment benefits (Maher et al., 2020) and the ability to continue current employment (AMRC, 2020; Grønbjerg et al., 2020; Lasby, 2020; Maher et al., 2020; Mumford & Greene, 2020). Various nonprofits experienced a change in demand for their services (Beaton, 2020; Lasby, 2020). Threats also emerged regarding nonprofit programme continuation (AMRC, 2020; Grønbjerg et al., 2020; Lasby, 2020; Maher et al., 2020; Mumford & Greene, 2020). Despite these concerns, empirical evidence remains absent. This justifies a specific empirical investigation for which our RDT–ST framework, considering various resource channels, is appropriate.

We propose two hypotheses for the COVID-19 case:

**Hypothesis 1.** Nonprofits experience increased resource pressures through external stakeholders.

**Hypothesis 2.** Nonprofits experience increased resource pressures through internal stakeholders.

2.3.3 | Governance responses

Governance tasks are dynamic in their environments, meaning that some might become more prominent if environmental factors require so (Gazley & Nicholson-Crotty, 2018; Miller-Millesen, 2003). According to RDT and ST, nonprofits effectively manage dependencies through boundary-spanning and coordinating activities (Balser & McClusky, 2005; Donaldson & Preston, 1995; Pfeffer & Salancik, 1978; Van Puyvelde, 2016). With COVID-19 increasing difficulties, we expect that nonprofits aimed to minimize impact by implementing more coordinating and boundary-spanning activities. We explored this proposition in the empirical literature on organizations dealing with a crisis or disaster, which is central to crisis management literature (Spillan, 2003).

Empirical work largely investigates nonprofit governance responses to financial or economic shocks (Chen, 2021), mainly focusing on the consequences of pressured financial resources and how organizations manage financial difficulties. While an adequate level of short-term financial capacity helps nonprofits to survive financial shocks (Bowman, 2011), financially vulnerable nonprofits tend to cut back their service delivery in response to such a shock (Tuckman & Chang, 1991). Reducing services is often observed in the empirical literature on economic shocks. Mosley et al. (2012) investigated Los Angeles County nonprofits responses to the 2003 Californian economic downturn. A survey revealed the implementation of several adaptive tactics: adding new programmes (53%),...
discontinuing existing programmes or reducing staff (42%), expanding/starting joint programmes (42%), increasing earned income (34%) and initiating/expanding advocacy involvement (23%). Organizations under financial stress tended to discontinue programmes or cut staff, rather than administering other adaptive tactics (Mosley et al., 2012). The authors emphasized that other, not measured, adaptive tactics were possibly also applied. Searing et al. (2021) investigated nonprofit executive leadership responses to maintain resilience during the Illinois government revenue shock. Managers administered tactics related to finances, services and programmes, outreach, leadership and management, and human resources. Building on RDT and the resource-based view of the firm, Arik et al. (2016) researched US nonprofits responses to the 2008 crisis-induced resource uncertainties. They derived 17 strategic response categories from a survey. An expert panel evaluated the following five strategies as most effective: efficiency/cost-reducing measures, business plan evaluation/Restructuring, strategic management/planning, adjusting budget/funding new funding and seeking donors’ support/fundraising.

Focusing on natural disasters, Gilstrap et al. (2016) interviewed US nonprofit leaders to reveal leadership characteristics for effective crisis guidance. Leaders should be team players who stimulate collaboration, communicate strategically (message creation), are transparent to stakeholders, remain imperturbable about the situation, and are prepared. That is, leaders should rapidly develop a plan to respond to and communicate about the crisis. Swift reasoning and responding quickly were considered additional important attributes. However, this must be approached with caution. Crises can accelerate decision-making, but speeded decisions are usually rather intuitive than analytical (Claeys & Coombs, 2019). Intuitive decisions can work when based on expert schemes, but when based on heuristics they can lead to suboptimal crisis response (Claeys & Coombs, 2019). Further, they provided insight in how leadership gives sense to stakeholders during crises. It builds on and shares instrumental knowledge, expresses normalcy to stakeholders, and engages in dynamic learning. The latter being important to cope with current (and future) crises. Message consistency is crucial (Coombs, 2007; Laugé et al., 2009).

Research on nonprofit governance responses to health crises, such as COVID-19, is scant (McMullin & Raggo, 2020). In scope of health crisis literature, researchers often focus on nonprofits’ roles in conjunction with other actors in mitigating crises’ impact on communities (Curnin & O’Hara, 2019; Eller et al., 2018; Kapucu & Demiroz, 2017). Pertaining to COVID-19, Grizzle et al. (2020) formulated strategies for building and sustaining public administration networks in response to challenges caused by this pandemic. In a similar vein, Raeymaekers and Van Puyvelde (2021) focused on the governance of a nonprofit advocacy coalition during COVID-19. Besides direct and indirect advocacy roles, the coalition was pushed to diversify its activities, including the development of a brokerage role to provide information on new practices and a crowdfunding role to provide finances for material aid. Based on Coombs (2007), we expect that nonprofits under COVID-19 experience minimal attribution of crisis responsibility. In such cases, adequate response strategies include expressing concerns regarding victims (adjusting information), informing and explaining that they are a victim too (victimage) and emphasizing the lack of control. Minimizing the pandemic’s severity would not be successful given its broad media coverage. Shi et al. (2020) described how COVID-19 affected four US nonprofits working with the homeless. They used a Disruptions–Ambiguities–Innovations–Challenges framework, which also revealed governance responses. Organizations are financially pressured and demand for their services increased (Shi et al., 2020). In response, they attempted to increase funding and donor support.

The pandemic also urged them to adapt their logistics to ensure service delivery. This increased operational planning. One organization even prioritized work for lacking capacity to serve all. Another organization increased teleworking to meet the demand. Communication with stakeholders (e.g., cities) was increased to continue service delivery. Leadership also informed the community through letters and statements on how the organization coped with the crisis. McMullin and Raggo (2020) proposed a theoretical contingency-based model in which they described how board roles differ per type of governance pattern for various stages of the COVID-19 crisis. During the crisis, boards switch between a managerial role (e.g., overseeing the executive’s work) and a leadership role (e.g., strategy development). The governance pattern the organization adheres to determines when which role is performed.

Although crises seem to propel boundary-spanning and coordinating activities, literature also evidence the implementation of various other adaptive tactics to build resilience. Numerous questions on nonprofit governance responses to external shocks such as COVID-19 remain unanswered. Distinguishing between board and managerial executive actions is seldom done, and hence, a useful addition to the literature. We investigate the following hypotheses:

Hypothesis 3. Nonprofits experience increased board activities in response to COVID-19 and associated resource pressures.

Hypothesis 4. Nonprofits experience increased managerial activities in response to COVID-19 and associated resource pressures.

3 | METHOD

Analysing crises requires identifying the crisis type (Bundy et al., 2017) as it shapes stakeholder perception, and subsequently, stakeholder responses (Bundy et al., 2017; Coombs, 2007; Spillan, 2003). COVID-19 is a victim cluster crisis (Coombs, 2007). Additionally, the crisis’ lifecycle must be acknowledged in crisis management (Laugé et al., 2009) and crisis communication (Gilstrap et al., 2016) research. We collected data between the end of May and the end of June 2020 when the pandemic was in a crisis event stage (Coombs, 2007). Namely, the World Health Organization (WHO hereafter) earlier declared COVID-19 to be a pandemic (World Health Organization, 2020a) and still stressed severity of the situation by
We performed $\chi^2$ goodness-of-fit and, given the small sample size, additional binomial tests in SPSS to investigate whether the levels of obtained resources and governance activity deviated significantly from their levels in a ‘no shock’ situation. Based on available financial information on participating organizations for 2017–2019, our null hypothesis for a change in obtained resources under ’no shock’ was a 0.78/0.22 distribution for ’no decrease’ and ’decrease’ respectively, and for governance activity a 0.78/0.22 distribution for ’no increase’ and ’increase’ respectively. As robustness checks, tests were rerun with 0.73/0.27 and 0.83/0.17 distributions. The significance level applied was 0.05. We performed qualitative content analyses on answers to the open questions with NVivo, resulting in three coding rounds (Williams & Moser, 2019).

### 3.1 Results: Resource pressures

Nonprofits can experience resource pressures through stakeholder channels (Figure 1). Table 1 shows COVID-19’s impact on these channels for our sample. Table 2 reports $\chi^2$ goodness-of-fit test results. Binomial testing provided qualitatively similar results. The tests showed that most changes in resource levels obtained from various stakeholders differed significantly from their levels during a ‘no shock’ period. We discuss significant results up until the 0.83/0.17 ratio.

A majority (61.9%) marked decreased resources obtained from funders. Respondents declared that event cancellation, postponement or digitalization and reduced donations by individuals, industries and the EU evoked the decreases. Some organizations noticed reduced member registrations and service demands. One organization, involved in COVID-19-related work, saw increased funding. A total of 42.8% obtained less resources from beneficiaries (individuals or organizations). Respondents noted decreased event participation and beneficiary membership. Some beneficiaries faced increased professional workload due to COVID-19, leaving less time to support the organization. Lastly, trial patient recruitment was more difficult. Nevertheless, 14.3% described increases, mainly relating to the virtual transformation. COVID-19-related webinars, for example, increased field leader advocacy and knowledge sharing. A total of 42.8% reported decreases in labour resources obtained from employees. Homeworking and family circumstances (e.g., school closure) lead to efficiency losses. Some organizations decreased activities (e.g., event cancellation, less

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**TABLE 1** Resources obtained from stakeholders

|                      | Decrease |          | No change |          | Increase |          | N.A. |          |
|----------------------|----------|----------|-----------|----------|----------|----------|------|----------|
|                      | Count    | %        | Count     | %        | Count    | %        | Count| %        |
| **Funders**          | 13       | 61.9     | 6         | 28.6     | 1        | 4.8      | 1    | 4.8      |
| **Beneficiaries**    | 9        | 42.8     | 9         | 42.9     | 3        | 14.3     | 0    | 0        |
| **Suppliers/contractors** | 5     | 23.8     | 11        | 52.4     | 2        | 9.5      | 3    | 14.3     |
| **Organizational partners** | 5     | 23.8     | 8         | 38.1     | 6        | 28.6     | 2    | 9.5      |
| **Employees**        | 9        | 42.8     | 9         | 42.9     | 2        | 9.6      | 1    | 4.8      |
| **Operational volunteers** | 8     | 38.1     | 5         | 23.8     | 6        | 28.5     | 2    | 9.5      |
| **Others**           | 4        | 19.1     | 12        | 57.1     | 5        | 23.8     | 0    | 0        |

**Total** | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100

Note: Activity level categories ‘Significant decrease’ and ‘Moderate decrease’ are merged into ‘Decrease’, and activity level categories ‘Significant increase’ and ‘Moderate increase’ are merged into ‘Increase’ to ensure clarity of the table.
| Test proportions under ‘no shock’ | Decrease | No decrease | χ² | Asym. Sig. | Decrease | No decrease | χ² | Asym. Sig. | Decrease | No decrease | χ² | Asym. Sig. |
|-------------------------------|----------|-------------|-----|-----------|----------|-------------|-----|-----------|----------|-------------|-----|-----------|
| Funders                      | 13 (7.3) | 8 (−7.3)   | 12.981 | 0.000    | 13 (8.4) | 8 (−8.4)   | 19.487 | 0.000    | 13 (9.4) | 8 (−9.4)   | 30.011 | 0.000     |
| Beneficiaries                | 9 (3.3)  | 12 (−3.3)  | 2.679  | 0.102    | 9 (4.4)  | 12 (−4.4)  | 5.324  | 0.021    | 9 (5.4)  | 12 (−5.4)  | 9.951  | 0.002     |
| Suppliers/contractors        | 5 (−0.7) | 16 (0.7)   | 0.108  | 0.742    | 5 (0.4)  | 16 (−0.4)  | 0.040  | 0.841    | 5 (1.4)  | 16 (−1.4)  | 0.690  | 0.406     |
| Organizational partners      | 5 (−0.7) | 16 (0.7)   | 0.108  | 0.742    | 5 (0.4)  | 16 (−0.4)  | 0.040  | 0.841    | 5 (1.4)  | 16 (−1.4)  | 0.690  | 0.406     |
| Employees                    | 9 (3.3)  | 12 (−3.3)  | 2.679  | 0.102    | 9 (4.4)  | 12 (−4.4)  | 5.324  | 0.021    | 9 (5.4)  | 12 (−5.4)  | 9.951  | 0.002     |
| Operational volunteers       | 8 (2.3)  | 13 (−2.3)  | 1.312  | 0.252    | 8 (3.4)  | 13 (−3.4)  | 3.170  | 0.075    | 8 (4.4)  | 13 (−4.4)  | 6.623  | 0.010     |
| Others                       | 4 (−1.7) | 17 (1.7)   | 0.674  | 0.412    | 4 (−0.6) | 17 (0.6)   | 0.107  | 0.744    | 4 (0.4)  | 17 (−0.4)  | 0.062  | 0.803     |

Note: N = 21; df = 1; Residuals for χ² goodness-of-fit test between brackets.
volunteers available...), reducing required employee support. Some applied for temporary employee furlough. Few (9.5%) noticed increases, mainly resulting from COVID-19-related initiatives, requiring additional staff. A total of 38.1% saw decreasing resources from operational volunteers. Participants indicated three reasons for this decrease. Many volunteers are employed in the frontline of the pandemic (e.g., hospitals), reducing their ability to support the organization. Some organizations also had less activities requiring volunteers’ contributions or volunteers could not be deployed in a homeworking setting. However, 28.5% declared increases. First, COVID-19-related projects (e.g., guidelines and support resources for their communities) strengthened volunteer support. Second, COVID-19 made some volunteers less busy in their job, enabling them to increase their support. The transformation to virtual platforms facilitated volunteer involvement.

3.2 | Results: Governance responses

Our RDT–ST framework implies governance actors to deal with dependencies, and this by mainly increasing coordinating and boundary-spanning activities. Table 3 reports changes in board and managerial executive activity levels in response to COVID-19.

$\chi^2$ goodness-of-fit testing evidenced significant activity level changes (Table 4). Binomial testing supported this conclusion.

Results are discussed in declining order of prevalence.

3.2.1 | Board of directors

A total of 53.4% described increased board activity because of COVID-19. First, we observe increased organizational adaptations. Some boards redesigned organizational offerings and activities, for example, cancelling, postponing and digitalizing activities, and re-evaluating congress concepts. Organizations reported how the pandemic shed light on organizational shortcomings and some already made structural changes. Second, boards initiated new activities, for example, developing guidelines and policy/position papers. Digitalization stimulated online event and activity development. New, COVID-19 specific, activities were organized like opening COVID-19-related patient registries. Third, board support activities increased. Some organizations described how board members took responsibility to guide the organization and increase coordination activities, such as a COVID-19 taskforce to monitor sub-disciplines. Interestingly, one organization reported how confinement measures made usually busy board members more available. Fourth, boards intensified communication with the community, service and goods providers, similar organizations (on COVID-19-related collaborations), and members. Fifth, boards increasingly conducted financial reviews, management and forecasts to adapt to the situation. Lastly, digitalization and the need for quick decision-making increased meeting frequency.

3.2.2 | Managerial executives

A total of 85.7% saw increased managerial executives’ activities. They mainly focused on safeguarding financial stability by conducting budget forecasts, readressing investments and business models, investigating and applying for government financial aid, and cutting costs. Second, they increased communications with the board to discuss future planning, such as coordination of centres and partners, new business models and short and long-term strategy revisions.

Regular situation assessments nurtured these discussions. Third, managerial executives made operational adaptations, including increased homeworking, implementing safety measures in the working environment and adapting IT services and policies accordingly. An increased virtual way of working increased management of existing activities (e.g., a virtual general assembly meeting) and new, digital, events and meetings (e.g., COVID-19-related webinars). Some managerial executives adjusted organizational offerings and the activity portfolio to ensure future serving and revenue. Fourth, they increased planning to coordinate resources and responses to the crisis. In specific, activity alterations required planning and speeded decision-making (e.g., on cash flow insurance). Additionally, the legal environment was continuously monitored (following authority announcements and legal evaluation of employments). Planning new, COVID-19 related, initiatives increased activity (e.g., related operational planning and marketing). Fifth, managerial executives enhanced communication with stakeholders like partners and funders to understand their COVID-19 responses and anticipate consequences for the organization. Increased communications also oriented towards adapting to stakeholder needs, for example, altering protocols to ensure continued patient monitoring. Communications with volunteers increased to keep them engaged. Internal staff was informed, supported and motivated to ensure their wellbeing. Lastly, managerial responses concerned increased support activities. Three kinds were identified: evaluating stakeholder relationships and how these evolved, increased fundraising, increased board-management meeting frequency and increased management support for additional board meetings.

### Table 3: Governance responses effect on activity level

| Activity Level | Decrease Count | Decrease % | No change Count | No change % | Increase Count | Increase % | Total Count | Total % |
|----------------|----------------|------------|-----------------|------------|----------------|------------|-------------|---------|
| Board of directors | 4 | 19.0 | 6 | 28.6 | 11 | 53.4 | 100 |
| Managerial executives | 1 | 4.8 | 2 | 9.5 | 18 | 85.7 | 100 |

4 | DISCUSSION

Our RDT–ST framework allows for investigating resource pressures through stakeholder channels that nonprofits experience during an external shock, and nonprofit resilience through governance responses implemented to deal with the shock. We used this framework in an exploratory study on international medical research and education.
nonprofits during COVID-19. We hypothesized that COVID-19 increased resource pressures through external stakeholders. This is confirmed for resources coming from funders and beneficiaries, but not for resources coming from suppliers/contractors, organizational partners and others. Hypothesized resource pressures through internal stakeholders are evidenced for resources coming from employees and operational volunteers. Financial pressures, that seem to concur with external shocks (Chen, 2021; Grønbjerg et al., 2020; Lin & Wang, 2016; Shi et al., 2020), are confirmed in our analysis. Moreover, our results disclose various affected nonprofit resource channels. We also hypothesized boards and managerial executives to increase activity levels in response to COVID-19. These hypotheses are confirmed. We identified eight governance response categories. Some appear both at board and managerial executive level. Boards engaged in organizational adaptations, new activity development, support, communications with stakeholders, financial reviews and leadership meetings. Managerial executives focused on financial reviews, leadership meetings, operational adaptations, planning, communications with stakeholders and support.

We observe organizational adaptations (cancellation, postponement, digitalization and redesigning congress concepts) as a main board response category. Research on financial crises similarly shows that discontinuing programmes is regularly implemented (Mosley et al., 2012; Searing et al., 2021) and an effective response strategy (Arik et al., 2016). It is traditionally seen as a cost-reducing (efficiency) tactic (Mosley et al., 2012; Salamon et al., 2009). Financial incentives often drive programme postponements or cancellations during economic shocks (Tuckman & Chang, 1991). Shi et al.’s (2020) work on COVID-19, however, showed that nonprofits can also reduce programmes to accommodate to increased service demands. Additionally, the impact of confinement measures on the ability to continue programmes may not be neglected. Especially with digitalization being among the main adaptations that nonprofits in our sample pursued. Further research could reveal when and to what extent different incentives contribute to organizational adaptations. Further, boards engaged in adding new programmes. This aligns with Mosley et al. (2012) but not with Searing et al. (2021) who investigated financial shocks nor with Arik et al. (2016) where it was judged to be a noneffective crisis response. Nevertheless, new programmes can secure stakeholder engagement and related resource flows. Participants who published policy/position papers as new activities are transparent to stakeholders. This is an important leadership trait (Gilstrap et al., 2016). They share instrumental knowledge through these publications, a frequently used sensegiving framework (Gilstrap et al., 2016) and resilience factor (Normandin & Therrien, 2016).

Two response categories observed only at managerial executive level are operational adaptations and planning. These activities are driven by confinement requirements and digitalization, but also by organizational adaptations and new activity developments that the board pushes. Practical plan implementation contributes to nonprofits’ financial health (Hu & Kapucu, 2017). Managerial executives also declared the urge to respond quickly. Enacting swift reasoning, responding quickly and being prepared are crucial during crises (Gilstrap et al., 2016).

| Test proportions under no shock | Increase | No increase | Chi^2 | Asym. Sig. | Increase | No increase | Chi^2 | Asym. Sig. | Increase | No increase | Chi^2 | Asym. Sig. |
|--------------------------------|----------|-------------|-------|------------|----------|-------------|-------|------------|----------|-------------|-------|------------|
| Board of directors | 0.73 (no increase) and 0.17 (increased) | 11 | 10 | 6.864 | 0.009 | | | | | | | |
| Managerial executives | 0.78 (no increase) and 0.22 (increased) | 18 | 3 | 36.730 | 0.000 | | | | | | | |

Note: N = 21; df. = 1; Residuals for Chi^2 goodness-of-fit test between brackets.
Increased support activities appear at both board and managerial executive levels. Board members are more involved and dedicated to support their organization. Hu and Kapucu (2017) specify, though, that higher meeting attendance is not significantly related to better financial performance during economic stress. Nevertheless, increased attendance can contribute to board members being perceived as team players. This is an effective leadership trait (Gilstrap et al., 2016) and appreciated by managerial executives as they feel supported in managing the organization during the crisis (Searing et al., 2021). Managerial executives’ support activities covered evaluating stakeholder relationships and fundraising to ensure business continuation. These are clear ST activities revealing organizational resilience (Somers, 2009). Managerial executives seeking additional funding opportunities corresponds to Shi et al. (2020), also focusing on COVID-19. It is a boundary-spanning tactic often applied during financial crises (Searing et al., 2021). Considering financial crises, Arik et al. (2016) even describe it as highly effective. Further, managerial executive support relates to increased communications with the board and increased board meeting frequency. The board and managerial executive jointly re-evaluated or restructured the business plan, strategic planning and management.

These are tactics often applied during financial crises (Searing et al., 2021) and considered effective (Arik et al., 2016). By discussing future planning together, they are in a process of dynamic learning to ensure survival (Gilstrap et al., 2016). Both boards and managerial executives also, although to a lesser extent compared with other responses, increased communication with stakeholders. The communications aimed at gathering information, sharing information and establishing or improving connections/collaborations. Initiating or increasing collaborations (Mosley et al., 2012), establishing strategic partnerships (Arik et al., 2016; Searing et al.; 2021) and advocacy (Mosley et al., 2012; Searing et al., 2021) are tactics often evidenced during financial shocks. Transparency to stakeholders is an essential leadership trait, sharing instrumental knowledge is a frequently used sensegiving framework (Gilstrap et al., 2016) and informing is an appropriate response technique during victim cluster crises (Coombs, 2007). The governance’s increased interactions with resource controllers are important response techniques under RDT and ST.

Our exploratory study indicated that COVID-19 impacted resources through stakeholder channels of international medical research and education nonprofits. Both RDT and ST imply that nonprofit governance attaches importance to boundary-spanning and coordinating activities during an external shock. Although observed, these activities are not mainly focused on during the pandemic. Aligning with empirical literature on external shocks, nonprofit governance actors implemented a wide variety of adaptive tactics to build resilience.

5 | CONCLUSIONS, LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

This article contributes to the literature by suggesting a framework to investigate how nonprofits experience and cope with crises. The framework, built on RDT and ST, is applied to international medical research and education nonprofits during the COVID-19 pandemic. It provides insights in these organizations’ resource pressures coming from stakeholders and their governance responses to realize resilience. The latter on which literature is scant.

Results confirm hypothesized resource pressures for nearly all stakeholder channels. Event cancellation, postponement and digitalization reduced resources coming from funders, beneficiaries and employees. Confinement measures increased homeworking but decreased employee efficiency in some organizations. Some volunteering work was impossible to perform from home. Digitalization facilitated volunteer involvement, reduced office supply requirements, lead to new online activities and increased information sharing. Our hypotheses on increases in board and managerial executive activity levels are also confirmed. Boards reevaluated the organizational structure, offerings and income model. Managerial executives monitored financial stability, and practical planning of changes in activities and working environments. Both enhanced communications with stakeholders. As expected from RDT and ST, our results evidence additional stakeholder management and boundary-spanning activities, but these were not activity domains experiencing the strongest intensification.

This article’s exploratory research aim, small sample size and focus on a specific niche of organizations complicates generalization of findings. Further research should include larger and/or other samples. Our RDT–ST framework can, for example, prove useful in research on other sectors that might face similar problems. Longitudinal follow-up would be valuable as COVID-19 did not yet end. Additionally, literature could benefit from in-depth analyses on identifying the reasons behind implementing each adaptive tactic.

We are convinced that this article gives relevant insights into the effects of external shocks on resources coming from different stakeholders and on nonprofit governance tactics to build resilience, and that studying such effects can benefit from being looked at in an integrated RDT–ST framework.

CONFLICT OF INTEREST

The authors declare no conflict of interest.

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available from the corresponding author upon reasonable request.

ORCID

Emma L. Willems https://orcid.org/0000-0002-8844-6706

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