

**Surviving and Serving During COVID-19: The Influence of Size and Diversification on  
Organizational Adaptation in Midwest Community Development Corporations**

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### **Abstract**

Previous research has come to conflicting conclusions regarding the influence of size and diversification on organizational adaptations. By conducting and qualitatively analyzing interviews with leaders from community development corporations (CDCs) across the midwest, this study adds to the literature by exploring the influence of size and diversification on how CDCs have adapted to the COVID-19 pandemic. My findings suggest that size impacts organizational adaptation in the following ways: by determining whether an organization will reduce service, the ease with which institutional transitions are made, and the degree to which the organization engages in coalition building. I found little impact of size on whether an organization will expand service, pursue additional avenues of income, and increase their staff. As for diversification, I found this variable to impact every aforementioned adaptive strategy except for whether organizations pursue additional avenues of income. Future research can expand this exploration to larger sample sizes, coming to conclusions that can be more accurately generalized to the industry as a whole. By exploring these variables in additional contexts, future research can also explore the extent to which the COVID-19 pandemic was unique, or simply amplified existing relationships.

*Keywords:* organizational adaptation, size, diversification, uncertainty, COVID-19

## Introduction

*Community* is at once a physical location and the people and social ties that exist within it. When a community can not survive and thrive in its environment, community development work enters as a solution to address community needs and desires (DeFilippis & Saegert, 2013). This work can take many forms and address several dimensions of community life simultaneously, including social, economic, and physical concerns (Phillips & Pittman, 2014). At the heart of community development work are the organizations that take on the challenge of addressing these multidimensional, interdependent issues: community development corporations (CDCs).

Positioned between residents and financial, technical, and political capital, CDCs are 501(c)(3) nonprofits that play a vital role in socioeconomic and physical neighborhood improvement (Galster et al., 2005). As of 2014, there were approximately 4,000 CDCs in the United States, all working in some manner towards these goals (Phillips & Pittman, 2014). Among others, CDC services include physical development projects (such as building affordable housing and developing commercial business), educational programs (such as K-12 after-school programming and adult education classes), food services (such as community meal centers and food pantries), and community/resident organizing (through community forums and leadership training).

This collective work has immediate and long-term effects on community improvement.

According to a 2005 report from the Urban Institute's Metropolitan Housing and Communities Center, CDC programs not only remove blight from the neighborhood but also induce external investments in its development (Galster et al.). They do so by bridging the gap between different

community stakeholders, securing private and government funding, engaging community members in the process, and collaborating with local businesses to advance projects. As such, CDCs play a crucial role in neighborhood improvement by bringing together the resources and capital necessary for development that meets community needs and desires.

Because of this, it is crucial that we can anticipate how they will respond to and survive environmental changes. My qualitative analysis of how community development corporations in the midwest have adapted to COVID-19 adds to the literature on organizational adaptation. Through interviews with CDC leaders across the midwest, I analyze their strategic response to the pandemic, paying close attention to the influence of their relative size and degree of diversification.

### **Literature Review**

Because CDCs often work in diverse markets and therefore respond to a variety of changes and environmental pressures, they must be able to adapt and survive the changes they face in order to continue providing services that meet community needs. Adaptation in an organizational studies context can be defined as “intentional decision making undertaken by organizational members, leading to observable actions that aim to reduce the distance between an organization and its economic and institutional environments” (Sarta et al., 2021). In other words, adaptive strategies are a way in which organizations can measurably improve their chances of surviving their environment. My study will explore these adaptive strategies further, looking specifically at the influence of organizational size and diversification.

### **Adaptive Strategies**

Existing literature on organizational adaptation offers various adaptive strategies pursued during moments of uncertainty to survive. As I will explore later, if and how an organization will adapt may be influenced by organizational factors such as size and diversification.

In a study analyzing longitudinal data on human service nonprofits before and after the economic downturn of 2002 and 2003, Mosley et al. (2012) observed five types of adaptive strategies that nonprofit service providers may pursue. First, service providers may add new programs to increase funding opportunities (Golensky & Mulder, 2006). Second, organizations may discontinue existing programs or reduce staff, as doing so would help ameliorate the financial burdens of uncertainty (Birkenmaier, Rubio, and Berg-Weger, 2002; Bocage, Homonoff, and Riley, 1995). Third, uncertainty may necessitate reliance on collaborative projects, causing organizations to start or expand joint programs (Foster and Meinhard, 2002). Fourth, organizations may begin or increase their engagement in advocacy. Creating and pursuing opportunities to advocate for their constituents may lead to additional funding opportunities, as it connects the organization with funders and institutional allies who can provide resources to meet community needs (Park & Mosley, 2017; Marwell, 2004; Nicholson-Crotty, 2007; Berry and Arons, 2003; Scott, Deschenes, Hopkins, Newman, and McLaughlin, 2006). Finally, organizations may pursue additional avenues for earning income, such as expanding services to include for-profit, commercial ventures (e.g., selling t-shirts). This is an influential model in the literature of nonprofit adaptations because it provides a focused, in-depth analysis of five specific strategies and the influence of size on whether they are pursued.

In another longitudinal study analyzing the adaptation strategies of human service organizations in an Ohio county, Alexander (2000) found four adaptive strategies among nonprofit social service providers in response to financial uncertainty, two of which are particularly relevant to the current research. Like Mosley et al., Alexander found one strategy to be pursuing expansion by developing new services that reach more expansive populations. She also found that organizations increased their “boundary-spanning activities.” That is, they built inter-organizational linkages and networks to secure widespread resources necessary for survival.

Together, these studies provide a general sense of the different types of adaptations that nonprofit service providers may make to survive moments of uncertainty. My research draws upon these theories by asking participating organizations whether they undertook some of the aforementioned adaptive strategies: service expansion and staff increase, service cancellation and staff decrease, increased advocacy, and coalition building.

### **Size**

Size has been defined and studied in various ways, lending a robust and complex understanding of whether and how size matters for organizational adaptation and survival. The literature is divided on whether smaller or larger organizational size is better for adaptation.

Scholars have detailed potential adaptive benefits of large organization size, regardless of the specific definition of size. Numerous researchers define organizational size in ways that are broadly related to resource availability, noting that larger organizations--those with more fluid



and available resources--will experience more opportunity and choice in adaptation. In a 1993 study of organizational change in the savings and loan industry, Haveman defined organizational size in two ways, the second of which I will explore later. The first definition was “the possession of slack resources, differentiated and decentralized structures, and market power,” and she argued that large organizations would be more fluid (adaptable) than their small counterparts (Haveman, 1993, p 20). In other words, larger organizations experience more fluidity because resources are more readily available (the opposite of resource scarcity), which enables organizations to experiment with adaptive tactics in response to changing environments (Haveman, 1993; Bourgeois, 1981). Others have reached similar conclusions. Vita and Fleming, despite believing that size is not a predictor of organizational success, recognize that sufficient resources--and their effective allocation--are crucial to the long-term success of nonprofits (2001). Likewise, Mosley et al. (2012) note that larger organizations (defined by their annual expenditures) “may have more capacity to pursue bold tactics, such as expanding programs or starting commercial ventures, than do smaller organizations with fewer resources and less flexibility” (p.285). It is clear from this literature that larger size (when defined by the presence of sufficient resources and how they move through an organization) influences how well an organization can adapt.

Some researchers have studied how the influence of size maps onto specific adaptive strategies. Returning to Mosley et al.'s (2012) study, the researchers offer a compelling literary and empirical analysis of the relationship between their five adaptive strategies and the size of nonprofit service providers responding to uncertainty. As it relates to the addition of new programs, they noted that larger organizations may have an easier time diversifying their services

as compared to smaller organizations with fewer resources (Auer, Twombly, and DeVita, 2011; Barnett and Carroll, 1995). In terms of discontinuing existing programs or reducing staff, they noted a lack of empirical research studying which characteristics may lead organizations to retrench. However, it may be possible that large organizations are more likely to discontinue services/programs because they offer more than smaller organizations. For the tactic of expanding or starting joint programs, they found that large organizations may engage in joint programming at a higher degree because of their reputation and embeddedness in existing social and resource networks (Foster and Meinhard, 2002). For strategies of advocacy engagement, research has found that the capacity of a larger staff and the ability to divert resources away from service-related activities allows larger organizations to be more involved in advocacy compared to their small counterparts (Child and Grønbjerg, 2007; Mosley, 2010). Finally, because capital funds are more readily at their disposal, larger organizations may pursue additional earned income services more than smaller organizations (Alexander, Nank, and Stivers, 1999; Bielefeld, 1992; LeRoux, 2005). These findings are, in large part, consistent with the conclusions outlined in the previous paragraph: larger organizations are better able to adapt because they have a greater amount of resources at their disposal.

Mosley et al. (2012) then went on to study these relationships empirically, measuring size as an independent variable defined as the organization's amount of annual expenditures. They found that size was a significant predictor of almost every adaptive tactic in the study. Larger size seemed to afford organizations the ability to choose among the various adaptive tactics outlined above, reinforcing previous conclusions.

Conversely, some researchers have argued that larger size may hinder organizational adaptation. Haveman's second definition of size was the degree of political insulation and bureaucratization. From her findings, she concluded that larger organizations--which are likely more bureaucratic than their smaller counterparts--may adapt less readily due to the rigidity of their hierarchical structure (Haveman, 1993; Downs, 1967). In their discussion on structural inertia and organizational change, Hannan and Freeman (1984) conclude that the level of structural inertia (defined as "the tendency of organizations to maintain the status quo or to resist deviating from existing structural schemes") increases with organizational size (Schwarz, 2012, p. 550). They suggest that smaller organizations face less structural inertia and are quicker to adapt, whereas the converse is true of larger organizations.

Other researchers have argued that size might not be a factor at all. In a 2016 study, Arik et al. defined size as the number of people on the organization's governing board. When defined this way, they found that size did not appear to be a significant predictor of the organizations' strategic response level. In other words, size did not seem to influence an organization's capacity to adapt to challenges.

Although there are skeptics, there seems to be broad empirical support of the relationship between adaptive strategies and size defined in terms of resources. With this in mind, I measure organizational size as the total annual revenue of the most recent tax year, a number indicative of the financial resources of an organization. Therefore, my research explores the role of size in influencing the aforementioned adaptive strategies: service expansion and staff increase, service cancellation and staff decrease, increased advocacy, and coalition building. The literature seems

to suggest size to have the following impacts on nonprofit service provision during uncertainty: larger organizations will be more likely to introduce new services; larger organizations will be more likely to engage in joint programming as well as advocacy and coalition building; larger organizations will be more likely to pursue new avenues of income. There are few empirically supported suggestions as to how size might influence service reduction.

### **Diversification**

With goals of personal and community improvement, and with the complexity and interconnectedness of social problems, it is not uncommon for nonprofit service providers like CDCs to work in heterogeneous and multifaceted markets (Mendoza-Abarca & Gras, 2019; Austin et al., 2006). Doing so allows them to take a holistic approach to improve socioeconomic conditions in their community: it is easier to stabilize yourself if you have not only a job but access to affordable housing, food, childcare, etc. Existing research on the degree to which CDCs operate in various markets--diversification--is divided on whether organizations are best suited to adapt and survive their environments with a broad or narrow organizational focus.

Scholars have detailed the potential challenges that diversification can present when nonprofit organizations face uncertainty. Because diversification involves working in various market spaces, the institutional costs are higher: diverse service offerings necessitate a large staff with specialized expertise, which increases the necessary amount of human resources and other administrative overhead costs (Kistruck et al., 2013; Mendoza-Abarca & Gras, 2019).

Furthermore, a broader organizational focus requires more time and money to coordinate, making resource allocation less efficient (Berger & Ofek, 1995; Palich et al., 2000;

Mendoza-Abarca & Gras, 2019). Additionally, more diversification can place substantial pressure on large organization leaders, preventing them from putting the energy into allocating their resources in the most optimal way (Fernhaber & Patel, 2012; Mendoza-Abarca & Gras, 2019).

Other scholars have detailed how diversification can facilitate adaptive strategies.

Mendoza-Abarca and Gras argue that, by operating in a variety of markets, serving a diverse constituency, and connecting with various stakeholders, organizations are connected to a network of individuals that can provide feedback on how to improve and develop services (Mendoza-Abarca & Gras, 2019; Stern & Henderson, 2004; Tanriverdi & Lee, 2008). According to the researchers and their colleagues, this network connects organizations to not only potential new collaborators but new workforces (both volunteer and paid) and new financial resources. (Beckman, Haunschild, & Phillips, 2004; Paik & Navarre-Jackson, 2011; Chen & Graddy, 2010; Eng, Liu, & Sekhon, 2012; Koch, Galaskiewicz, & Pierson, 2015). In another study, researchers found that nonprofits who had diversified their services to expand into various markets demonstrated revenue growth despite the uncertain environment (Park & Mosley, 2017). Thus, this would suggest that service diversification might lead to a greater ability to weather changes as the institutional infrastructure and ingrained networks inherent to operating in several markets would serve as a source of new ideas and resources.

Overall, the literature on the impact of diversification is divided as to whether greater degrees of diversification help or hinder adaptive strategies. My research will add to this debate by

examining the influence of diversification on adaptive strategies in community development corporations.

### **Current Research**

Again, the literature has mixed findings on the influence of size and diversification on organizational adaptation. My research adds to this literature, exploring if and how these variables influence how community development corporations adapt in response to the COVID-19 pandemic. The COVID-19 pandemic provides a unique opportunity to explore these theoretical relationships. The collective experience of the pandemic meant that all organizations were, at the same time, faced with an acute challenge, which allows for a direct comparison of adaptive strategies within this industry.

### **Methods**

To explore these theoretical relationships, I conducted interview-based qualitative research. I facilitated virtual interviews with leaders from 19 nonprofit community development corporations (CDCs) across the midwest, differing in their size and degree of diversification. Together, we discussed a variety of components of their response to the COVID-19 pandemic. I then analyzed these interviews for themes and variations. By distinguishing organizations according to their size and degree of diversification, I observed how different organizations adapted to the pandemic, lending insight to how these variables might influence organizational adaptability.

### **Participating organizations**

I interviewed a sample of organizations located in cities across the midwest, including but not limited to Chicago, Cleveland, Columbus, Detroit, Grand Rapids, and Indianapolis. All 19 participating organizations are 501(c)(3) nonprofits designated by the IRS tax code. Each organization works in community development in some manner. However, the tactics through which each organization approaches community development vary and contribute to a broad range of different services in total.

### **Distinguishing characteristics: size and diversification**

I measured size in financial terms, represented by total revenue (gathered from the organization's 2018 Form 990, made accessible via Guidestar). Those with less than \$1,000,000 in total revenue were designated as "small budget" and those with more than \$1,000,000 were designated as "large budget" organizations. I determined this threshold from an emerging pattern in the preliminary stages of research, whereby a roughly equal amount of potential participant CDCs populated either side.

I measured diversification as the breadth of service provision/organizational focus: was the organization operating in a relatively small or large number of different service areas? Such information was gleaned from websites and corroborated in the interviews. Organizations tended to fall into one of two categories at a roughly equal rate: "small service" providers: covering one to three different service areas; and "large service" providers: offering services in four or more areas. In total, the sampled organizations provided services in one or some combination of 11 different areas, which were adapted from an Urban Institute survey of CDCs in 23 cities (Walker, 1999). Among the included services areas are housing, K-12 education/youth

empowerment, youth employment/youth workforce development, personal economic development/adult employment, food assistance, community/resident organizing, community economic development, health services/senior care, religious services, legal aid, and family/parenting services (for a more detailed description of the specific services, see Appendix A: Service Designations).

According to these two degrees of variation, organizations were assigned to one of four categories: small budget, small service; small budget, large service; large budget, small service; and large budget, large service.

*Distribution of participating organizations*

	Small Budget	Large Budget
Small Service	6	3
Large Service	3	7

**Data Collection**

Representatives from participating organizations varied in position. They were primarily executive directors/presidents/CEOs of their organization. Occasionally, they were program managers or leaders who work closely with the organization's top leadership. It was important to speak with individuals who held leadership positions or whose work was directly related to the subject matter, as they were able to provide high-level insight into their organization's adaptations over the period in question.



I collected raw data through semi-structured, virtual interviews via Zoom. Interviews generally lasted 30 minutes and were recorded and transcribed for analytical accuracy. Flexible and conversational, semi-structured interviews allowed for unexpected insights, a crucial part of the iterative social science research process I was undergoing. In every instance, my conversations with the interviewees uncovered both shared and unique experiences and adaptations, highlighting similarities and differences among participating organizations.

Interview questions aimed to shed light on the adaptations that organizations had undergone since the March 2020 outbreak of COVID-19, including changes to service provision (reduction, expansion, etc.), internal operations (transition to remote work environment, staffing changes), finances (acquisition of additional income), and community and coalition building. Together, these questions fostered a better understanding of the tactics taken by organization's to survive and continue meeting critical community needs.

As previously mentioned, social science research is an iterative process. As interviews unveiled new insights, I adjusted the interview guide to account for these new discoveries (the final interview guide is in Appendix B: Interview Guide).

### **Data Analysis**

After conducting each interview, I reviewed the transcript alongside the interview audio, correcting any transcription errors. I then used Quantitative Descriptive Analysis (QDA) software--NVivo--to begin textual coding, following Nicole Deterding and Mary Waters' (2018)

method: beginning with index coding followed by utilizing QDA technology for conceptual refinement.

I began by indexing the text to start organizing responses in relation to the interview content and other interviews. Index codes were applied to large excerpts of the interviewees' responses, representing the broad topics of my research. Thus, I had index codes for *services*, *internal operations*, *finances*, *coalition/community building*, *emergent needs*, and *expressed takeaways*, as these were the broad categories relevant to my research question. In doing this indexing, I had a better sense of how each transcript related to my research question as well as the other transcripts.

Once I indexed the data, I began what Deterding and Waters call "analytic coding," I refined my index codes into more nuanced codes. For example, in my index of *services*, I applied analytic codes including *new or added service*, *service adjustment*, *service cancellation/elimination*, *service continuation as normal*, *service reduction*, which provided clarity as to exactly how services were influenced (or not) by COVID-19.

I then mapped each analytic code by the degrees of variation outlined in my research question: organizational size and diversification. For example, I looked at the breakdown of organizations that noted a service cancellation/elimination, finding the number of organizations in each category (small budget, small service; small budget, large service; large budget, small service; and large budget, large service) that canceled a service. In doing so for each analytic code, I

could then analyze both within and across transcripts how size and diversification impacted organizational adaptation in the participating CDCs.

## **Results**

### **Services**

The COVID-19 pandemic is highlighting existing and emerging needs in the communities served by CDCs. Interviewees from organizations of all sizes and degrees of diversification expressed several different needs that have been exacerbated by the pandemic, including access to food, reliable internet and technology, secure housing, mental health resources, small business assistance (financial and technical), reliable transportation, employment opportunities, benefits assistance, and domestic safety assistance. To meet these needs, organizations have made changes--additions, eliminations, and adjustments--to their service provision.

Various trends in service provision emerged from the participating CDCs. First, canceling services was nearly equally likely for small budget, small service organizations (50%) as it was for large budget, large service organizations (42.86%). Second, as it relates to service expansion, there was little differentiation between organizations according to their size and degree of diversification. Although, it appears that having both a small size and a small degree of diversification may make you less likely to introduce new services. Third, although there were variations in the percentage of organizations in each category that continued in-person services, the variation is less likely attributed to size or the degree of diversification and instead related to whether the organization was primarily focused on housing services. Finally, I analyzed the net change (growth, decline, even) in service provision, finding that size may play a role in determining whether organizations experienced a net increase or decrease in service provision as

larger organizations were more likely to demonstrate net growth and smaller organizations were more likely to demonstrate net decline. Additionally, smaller degrees of diversification may have negatively influenced organizations' abilities to experience no net change.

Of the 19 organizations interviewed, 8 (42.11%) canceled their services for the foreseeable future. This was almost equally as likely for small budget, small service organizations (50%) as it was for large budget, large service organizations (42.86%) (Table 1). Although both types of organizations canceled or eliminated programs, leaders from each organization type reported different reasons for doing so. Small budget, small service organizations expressed both financial and public health reasons for canceling programs. One noted, "Because we've been paying so many staff hours just to host remote learning, we have not been able to resume after-school programming." The leader of a similar organization expressed public health concerns, saying, "With the closure and the stay-at-home orders that were in place, we weren't able to do our basketball camp and we weren't able to do our traditional basketball tournament."

**Table 1**

*Relative Percent of CDCs that Canceled or Eliminated Service(s)*

Budget Size			
Service Size		Small	Large
	Small	50%	33.33%
	Large	33.33%	42.865%

For the large budget, large service organizations, the main concern was public health. One leader said, “We have youth programs and we have a lot of at-risk youth who come to our center traditionally to play basketball or hangout. We have a mentor program, we have tutoring, all of those things. But with COVID, you know, the city has closed down.” Therefore, there seems to be a motivating factor of financial strain acted upon by small budget, small service organizations that is not felt as deeply by large budget, large service organizations.

Of the services that were cut were those that traditionally met in-person, including youth programming (sports camps, summer camps, and after school programs), clinical health services, farmers markets, community-building events (fitness classes, movie nights, community meetings, etc.), and educational workshops and classes.

All 8 of the organizations that eliminated a service/services are included in those that launched new programs or initiatives. A total of 17 of the 19 organizations interviewed (89.47%) launched new programs or initiatives that met needs emerging from and exacerbated by the COVID-19 pandemic. There was little differentiation between organizations according to their size and degree of diversification, although it appears that having both a small budget and a small degree of diversification may make you less likely to introduce new services (Table 2). As one small budget, small service representative noted, there wasn't a financial need for the organization to expand their services and capture new revenue streams: “We're still in kind of a lucky position that things are still moving pretty efficiently...I think it will be more relevant in 2022...there's not going to be all this stimulus money.”

**Table 2***Relative Percent of CDCs that Added New Service(s)*

Budget Size			
Service Size		Small	Large
	Small	66.67%	100%
	Large	100%	100%

However, for the other organizations, there was an overwhelming theme of needing to meet emergent community needs. A leader of a large budget, small service organization said, “Our team has really pivoted for the near term to address some of those more crisis situations. We ideally would love to pivot back to just being community development, but we needed to really fill the gap in the meantime.” A small budget, large service provider said they had expanded to “helping the restaurants manage the COVID safe practices, finding what those practices are, figuring out how to safely reopen, finding substitutes for the people who had COVID...helped them with the resources to get the PPP equipment.” Perhaps what accounts for this differentiation is that organizations with more organizational diversification can move/expand into new markets, whether they have a large budget or not. This could explain why small organizations with less diversification may not do the same.

For the 17 organizations that did add services of some kind, these new programs addressed a wide variety of needs, varying according to the needs of each organization's constituents.

Examples include the creation of mutual aid programs intended to serve vulnerable community members (e.g., delivering groceries or prescriptions for seniors); the disbursement of emergency funds, both as response loans for small businesses and as direct cash for individuals to cover costs such as rent, utilities, childcare and more; the creation of work programs for those left unemployed by the pandemic; providing technical support and digital infrastructure building assistance (providing devices for remote work and learning, installing accessible WiFi networks, helping to develop websites/online presence); the implementation of initiatives to make transportation more accessible; drive-thru COVID-19 testing; the distribution of PPE and public health information; providing porta potties for homeless residents; the addition of food services (food pantry or grocery delivery); and the implementation of incentive programs and remote learning hubs for school-aged children.

Despite additions and cancellations, 9 of the 19 organizations (47.37%) interviewed continued some services in-person (Table 3). Although there were variations in the percentage of organizations in each category that continued in-person services, the variation is less likely attributed to size or the degree of diversification and instead related to whether the organization operated in housing. The services that continued in-person were physical development projects and home rehabbing--after taking a brief hiatus in the first few months following the initial COVID-19 lockdown.

**Table 3:**

*Relative Percent of CDCs that Pivoted In-Person Service(s) to Virtual Service(s)*

Budget Size			
Service Size		Small	Large
	Small	100%	33.33%
	Large	66.67%	100%

This confounding variable may also have affected the number of organizations that shifted in-person events and services (not including their staff meetings/internal administrative work) to an online/virtual format. Of the 19 organizations interviewed, 16 (84.21%) did so and, of them, the ones least likely to shift their services online were large budget, small service organizations (Table 4). The specific organizations in this designation were primarily focused on housing services, which were largely able to continue in-person after a short while.

**Table 4:***Relative Percent of CDCs that Continued Service(s) as Normal*

Budget Size			
Service Size		Small	Large
	Small	33.33%	100%
	Large	33.33%	42.86%



Among the events that took on a new, virtual format were a job fair, homeownership education and counseling classes, youth tutoring and programming, nutrition classes, parenting classes, tax preparation services, workforce development classes, financial counseling classes, building tours, and restorative practice program classes.

Beyond these examples, interviewees detailed many different ways in which they are adjusting their service provision. Doing so is allowing them to continue meeting community needs per COVID-19 public health guidelines.

For several organizations, client case management has shifted to paperless forms, zoom meetings, and telephone calls rather than home visits or in-office consultations. One leader said of the virtual transition, “It's trying to find ways of helping people without physically being there, you know? We can do a lot on the computer and we can do a lot through phone calls.” Such changes inspired one organization to streamline their intake services and create a universal application with categorical eligibility, which has increased their community impact.

Because they have a lot on their plate, they're single-focus, and they're only focused on dealing with one service at a time. However, once you offer multiple services they will apply for it because then they will start to think big: ‘Okay if they can help me with my utility, they can also help me with my water. Maybe I can use the money I was going to pay for water towards something else.’ ...it was

interesting to observe that 60% of our clients applied for at least two services at the same time.

For organizations that meet food acquisition needs in their community, services have transformed in many ways. Food pantry models have shifted away from shopping models and toward contactless pickups and delivery. Community meal centers have pivoted to delivering meals rather than hosting residents. Organizations undertaking such work demonstrated a commitment to public health guidelines:

We've tried to create the safest interface possible. We say we're putting the safety of our guests as well as volunteers and our team first and we are in proud adherence of every public health protocol and being in advance of many as we have been in most of these things but always being open as an essential service...we can't promise you perfect safety, but we can promise you safer than and if you're shopping at Meijer.

With overlap in organizations that both added and eliminated services, I calculated the net change in service areas covered by organizations before and after the pandemic outbreak to get a sense of overall changes (Table 5). Of the three possible outcomes, small budget, small service organizations were most likely to experience no net change (50%); large budget, small service organizations were most likely to experience a net increase (66.67%); small budget, large service organizations were equally as likely to each outcome (33.33%, respectively); and large budget, large service organizations were most likely to experience a net increase in services (57.14%).

**Table 5:**

*Relative Percent of CDCs that Experienced Net Increase, Decrease, and No Change to Service Provision*

Service Size			Budget Size	
		Net Outcome	Small	Large
Small		Decrease	16.67%	--
		No Change	50%	33.33%
		Increase	33.33%	66.67%
Large		Decrease	33.33%	--
		No Change	33.33%	42.86%
		Increase	33.33%	57.14%

Of the four categories of organizations, large budget, small service (66.67%) and large budget, large service organizations (57.14%) were most likely to experience a net increase. Small budget,

small service (50%) and large budget, small service (42.86%) organizations were most likely to experience no net change. Finally, small budget, small service (16.67%) and small budget, large service (33.33%) were the only types of organizations that experienced a net decrease in service provision. Therefore, size may play a role in determining whether organizations experienced a net increase or decrease in service provision as larger organizations were more likely to demonstrate net growth and smaller organizations were more likely to demonstrate net decline. Additionally, smaller degrees of diversification may have negatively influenced organizations' abilities to experience no net change.

Despite the many additions and adjustments that have been made, certain community needs continue to be of concern for several organizations, regardless of size and despite diversification. Organizational leaders in all four categories expressed concern over the digital divide in both rural and urban communities. Not only are residents struggling to afford and connect to the internet, but they also do not have the devices necessary to work or learn remotely. One individual, from a small budget, large service organization operating in an urban environment, said, "Even if we offer them the internet, do they have the devices that are capable? You know, everyone assumes that people have smartphones these days, but that's just not necessarily true in a lot of the homes that we work with." Another leader, from a large budget, large service organization serving rural communities, said, "We've got a lot of areas in our region that just don't have connectivity at all. Broadband, I think, is on everybody's mind. You know, how do we ensure that people have access to that as a basic human right?"

Likewise, several interviewees anticipated a rising need for mental health and domestic safety resources as social isolation continues to be a factor in public safety guidelines.

Additionally, organizations of various sizes and degrees of diversification have expressed concern over other kinds of community connectivity. Speaking of digital community development work, one interviewee said, “We're getting information out and we're able to answer questions...we're completing the transaction, but we're missing the relationship and that's...the community development, it goes beyond the transaction to relation and we haven't found a way to do that.” Other leaders spoke of physical connectivity concerns, expressing concerns over the inaccessibility of reliable transportation options, “A lot of our clients stated that...they have transportation challenges and they were hesitant about riding, you know, the bus during the pandemic;” “Not having a mass public transport system, or transit system is really a challenge.”

With these expressions, we see that the desire to meet emerging needs is present in organizations regardless of size and diversification. Whether they can meet those needs, however, is a question best estimated by observing the patterns demonstrated earlier.

### **Finances**

As it relates to the financial operations of participating CDCs, the variables measured in this study-- size and diversification--do not appear to influence whether organizations had increased access to government and private funds. As it relates to increasing government funding, although there was slight variation, these two variables do not appear to influence whether organizations

received government relief funding. Likewise, increased private funding knew no boundaries of size or degree of diversification.

There were several emergency relief packages released by local, state, and federal governments, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Paycheck Protection Program (established by the CARES Act). Like most government funding administered to CDCs, these dollars came with strict rules, requiring organizations to spend the money on direct relief services. Of the 19 organizations interviewed, 16 (84.21%) indicated that they had received relief money from the government: 83.33% of the small budget, small service; 100% of the small budget, large service; 66.67% of the large budget, small service; and 85.71% of the large budget, large service organizations (Table 6). There does not seem to be a common factor among the three organizations that did not receive federal money. One was affiliated with a religious institution and noted a strict reliance on private funds. Another, on top of emphasizing their reliance on philanthropic partners, was primarily a housing service provider for communities with fixed incomes (seniors who receive social security and disability). The third organization noted that they had tapped into their “rainy-day” fund to cover expenses that these grants were often used for (e.g., helping organizations get PPP).

**Table 6:**

*Relative Percent of CDCs Receiving Increased Government Support*

Budget Size			
Service Size		Small	Large

	Small	83.33%	66.67%
	Large	100%	85.71%

Therefore, size and diversification do not appear to impact whether an organization received government relief funding. As one interviewee put it, CDCs are the “frontline responders” to emergencies like COVID-19. Therefore, it is unsurprising that the majority of them received government assistance to implement emergency response services.

However, the stringent requirements of relief money left organizations struggling to fund the increasing overhead/administrative costs that came with expanding services and establishing a robust remote work environment. Of the 19 organizations, 17 (89.47%) noted an increase in financial support from private donors, including foundations, individuals, business corporations, and banks. The only category to have less than 100% reporting an increase was the large budget, large service category (Table 7). While it is possible that interviewees failed to mention such an increase, both leaders noted other avenues through which they sourced money. One organization mentioned tapping into their “rainy day” fund, while the other organization expressed their connectedness to private donors as well as a national network of similar organizations through which resources flowed.

**Table 7:**

*Relative Percent of CDCs Receiving Increased Government Support*

Budget Size			
Service Size		Small	Large
	Small	<i>100%</i>	<i>100%</i>
	Large	<i>100%</i>	<i>71.43%</i>

For these reasons, these two organizations appear to be slight anomalies, suggesting that, like government funding, increased private funding knew no boundaries of size or degree of diversification. In a time of such uncertainty, how can this be true, especially of individual donors living through the same pandemic? As one interviewee put it, “People who haven't lost their income ended up cash-heavy because they're not going on vacation or eating out or any of those things, you know? And then they really saw the need, and so it translated into a great donation year.” Another interviewee expressed the same sentiment, saying, “People have just been so generous...we had people that...were donating their stimulus check and people just really want to help.”

Interviewees noted a varying level of flexibility in how these funds could be used. In general, smaller organizations reported a greater amount of flexibility in how their donations were allocated. Several small budget, small service organizations expressed this sentiment. One leader said,

We were able to speak to some of our grant funders and make requests for reallocation of funds in light of COVID-19 to assist our response. We received a



grant, for example, to fund the sports camp and we needed to re-allocate those funds so that they can be used as operational, unrestricted dollars because now the camp can't happen because of COVID.

Another interviewee said, “Our funding is largely donation and foundation based, but it means that we have a lot of ability to pivot easily, without a lot of red tape, you know, that the larger organizations can run into some bureaucracy with that.” Yet another small budget, small service provider said, “There were a number of different grant opportunities to allow you to increase your technical capabilities to be able to do remote work and things of that nature, so we took advantage of some of that and are able to work remotely to a far greater extent.” This was true even for small budget organizations that were large service providers. The leader of such an organization said that the private money they received was primarily operations, “It was really to hire the staff to do food distribution, to offer nutritional education, to help with housing services. So it was definitely internal operations.”

Conversely, larger organizations reported private aid being more restricted to direct service provision. The leader of a large budget, large service organization said, “They give us additional allocations, you know, let's say, for utility assistance, for water assistance, and for other services that we already had.” Likewise, the leader of a large budget, small service organization said, “The foundations in town banded together and created...a relief fund that nonprofits could apply to get...support for things like food assistance, transportation assistance, utility assistance.” There seems to be an inverse relationship between organizational size and fund flexibility. Perhaps this can be attributed to an idea set forth not only by researchers but by an interviewee themselves: larger organizations face greater bureaucracy/red tape that may prevent them from using funds

operationally. Another explanation may be that private donors see a greater need among smaller organizations to support services *and* overhead.

### **Internal Operations**

As it relates to the ease with which the virtual transition was undergone, differences could be primarily explained by organizational size--with larger organizations facing more challenges--although perhaps not entirely as this study defines it. Furthermore, diversification may also play a role in influencing how this virtual transition was made, as service expansion necessitated organizations to undergo resource-consuming institutional changes. As it relates to staffing changes, organizations with a higher degree of diversification appeared more likely to increase their staff, regardless of their size.

At the time of their interviews, all 19 organizations had transitioned--either partially or completely--to a remote work environment. For the most part, differences in the virtual transition could be explained by organizational size, although perhaps not entirely as this study defines it. It appears as though size influenced the ease with which organizations made the virtual transition when size was considered the number of staff. Larger organizations expressed more necessary steps for undergoing and sustaining the virtual transition. The leader of a large budget, large service organization said: "It was a big IT shift making sure that all of our 350 staff...have the capacity to do what they need to do remotely. So there was getting everybody in here and getting their laptops, you know, outfitted and up to date."

Diversification may also play a role in influencing how this virtual transition was made. Another leader of a large budget, large service organization spoke of a different but necessary adjustment for the virtual transition,

We've completely flipped databases once to allow for something that had a scheduling interface and we're flipping again to another database that's just much more robust for all of our programs, which will both allow scheduling but also more case management support.

As an organization that expanded its services during the pandemic, this aspect of the virtual transition seems related to their diversification, as it was necessitated by service expansion.

Leaders from smaller organizations expressed fewer challenges to the transition, saying, "There was no ramping up if I can say it that way, that we had to do, only because we had already preliminarily started looking at offering this anyways....we were right in line with what needed to happen." Several other leaders of similar organizations talked of a fairly seamless and immediate transition of their staff to the remote work environment.

No organization noted a forced reduction in paid staff (lay-offs). Multiple organizations increased the number of paid staff on their team: 33.33% of small budget, small service; 66.67% of small budget, large service; 33.33% of large budget, small service; and 42.86% of large budget, large service organizations (Table 8). Regardless of budget size, organizations with a higher degree of diversification appeared more likely to increase their staff. This appears to be a response to expanding services and the coordination/administration that comes with such an

expansion: “We have been able to hire a few more staff to help push through some of this funding and in these new programs”; “We hired a program manager. She is part-time, which is really not enough. She definitely needs to be a full-time staff member”; “We’re actually currently hiring a temp to help with office work and accepting donations because we’ve been getting a lot more in-kind donations.”

**Table 8:**

*Relative Percent of CDCs that Increased Staff*

Budget Size			
Service Size		Small	Large
	Small	33.33%	33.33%
	Large	66.67%	42.86%

**Community Coalition Building**

As it relates to tendencies to engage in coalition building, both large organizations and less diversified organizations were less likely to pursue such activities. However, regardless of size or diversification, the benefits of community coalitions were felt, and organizations in all four categories listed innovative ways in which they built vital coalitions.

With social distancing requirements, CDCs have lost many of the organic, face-to-face interactions that were integral components of their service provision and overall community-building. Of the 19 organizations, 66.67% of the small budget, small service; 100%

of the small budget, large service; 33.33% of the large budget, small service; and 42.86% of the large budget, large service organizations mentioned an increase in their efforts to build coalitions (Table 9). Perhaps the lower likelihood of larger organizations to engage in community building was because they did not need to in order to continue providing services. In other words, these organizations may have had the financial means to meet community needs without the need to partner with other community organizations.

**Table 9:**

*Relative Percent of CDCs that Increased Coalition / Community-Building Efforts*

Budget Size			
Service Size		Small	Large
	Small	66.67%	33.33%
	Large	100%	42.86%

There was also variation according to the degree of diversification: small service organizations were less likely to engage in coalition building than large service organizations. This could be explained by the nature of their service provision. Two such organizations expressed a similar sentiment as to why they did not engage in coalition building, with one leader saying, “We simply serve as a conduit. We’re trying to connect people with those resources in our community,” and another saying, “We’re really not connected to broader city-wide initiatives. We have a few connections, but we work hard in our very, very local space.”

Despite this variation, leaders from all four categories described the critical value of local and state coalitions in responding to community needs. Regardless of size or diversification, the benefits of community coalitions were felt. The leader of a small budget, small service organization said, “One of the ways that we were able to pivot so well was we have partnerships with a number of agencies...having the strengths of having partnerships with other agencies has really served us well.” The leader of a small budget, large service organization shared a similar sentiment:

I've been very blessed to be part of a group...that is a collective of 21 nonprofits across the city...and so to have that support at the leadership level, as we're going through the challenges...sharing how to adapt our operations, our programs...that has been extremely helpful. Going forward, my goal is to create a community advisory group that can work on an emergency preparedness plan.

Similarly, a representative from a large budget, small service organization said, “We did join, at the state level, a coalition...we're hoping to provide some guiding principles for an equitable recovery as resources start coming down.” Large budget, large service organization leaders expressed similar ideas. One interviewee noted,

That's one of the wonderful things about a decentralized response: there's a lot of creativity but there's also a lot of 'let's work together' and I think our county has done a good job of steadily organizing a lot of that. We had daily, countywide emergency response calls for the first month of the crisis...it was us, it was the hospital, it was the county, it was the police, and it was frontline health and human service--both government and nonprofit--all sharing resources.

Interviewees described several additional ways in which their organization increased its coalition and community-building efforts during the pandemic. One way in which this grew was by leveraging community partnerships for mutual aid programs (including service referrals to other organizations, joining together to serve a broader community, sharing space for food distribution programs, etc.). Additionally, several organizations noted the transition of community meetings to a virtual and live-streamed format. This created a greater level of flexibility and accessibility for community members. Finally, organizations have increased their online presence in an effort to re-engage citizens. Organization leaders discussed efforts to redesign and revamp their website and social media sites, the creation of virtual resource guides and flyers, as well as the increased use of social media and Zoom to live stream and connect with residents in casual ways.

### **Expressed Takeaways**

As a final question I asked each interviewee if they had any takeaways from their experience as a leader and organization during COVID-19. Would they approach their future work differently now having gone through a pandemic? Organizations across all four categories had similar takeaways:

- There are considerable benefits to the digital work environment, and they plan to keep components of that moving forward (staff working remotely, live-streaming community meetings, virtual classes/events, etc.) (68.42%)
- Community partnerships make emergency response and regular community work more efficient and impactful; moving forward, the industry should continue to foster cohorts of community organizations working together (36.84%)

- Be nimble and flexible; you do not always have the time to implement programs or initiatives in a systematized way (36.84%)
- It has been difficult to find ways to connect with people in relational, rather than transactional, ways; still missing out on crucial community connections (31.58%)
- There has been a sizable influx of money (from government, foundation, and individual sources) pumped into the sector, which has allowed for crucial program development (26.32%)
- There are concerns over the retrenchment of government aid (amidst changing administration, rollout of vaccines, etc.) and what that means for community organizations (15.79%)

### **Discussion**

Broadly, my findings suggest that size impacts organizational adaptation in the following ways: by determining whether an organization will reduce service, the ease with which institutional transitions are made (in this case, the transition to a virtual work environment), and the degree to which the organization engages in coalition building. I found little impact of size on whether an organization will expand service, pursue additional avenues of income, and increase their staff. As for the impact of diversification, I found this variable to impact every aforementioned adaptive strategy except for whether organizations pursue additional avenues of income.

### **Size**

With little existing evidence supporting conclusions about how size might influence service reduction, my findings offer a possible explanation. The nearly equal likelihood of small budget,



small service and large budget, large service organizations to reduce service suggest that size influences decisions to reduce service when it is compounded by a similarly narrow or broad organizational focus. Though the variables must be similar, these two types of organizations may adapt differently for distinct reasons. For example, small budget, small service organizations may reduce services because they can not continue providing them during uncertainty.

Conversely, large budget, large service organizations may reduce service because they feel comfortable doing so and shifting their attention to other priorities.

The finding of little differentiation according to size in whether an organization expanded services builds on existing research, suggesting that size as this study defines it might not influence decisions to expand services. This could be attributed to the mission-driven orientation of CDCs: if they observe an emergent need in their community--as all of them did during COVID--they are likely to implement programming or services that address that need.

Size's lack of impact on organizations' securement of additional government and private funding adds to the debate on its role in determining whether organizations will pursue new avenues of income. While Mosley et al. (2012) found larger organizations more likely to do so, my findings suggest that no such impact was experienced by CDCs navigating COVID-19. This difference could be attributed to the unique circumstances presented by COVID-19: government relief money was flowing to CDCs of all shapes and sizes. Had the organizations been looking at differently-natured funds, perhaps I would have observed a difference according to size.

Under the definition of size advanced by this study (total annual revenue), my finding of size's impact on the ease of the virtual transition adds to the debate of organizational adaptability by suggesting that increasing size leads to decreased abilities to adapt. My results do not entirely map onto Haveman's (1993) findings, nor those of Hannan and Freeman (1984), because we define size differently. They define size as the degree of bureaucratization. If future researchers find a connection between total annual revenue and the degree of bureaucratization of organizations--with larger, more bureaucratic organizations having higher revenue--then my findings would be partially consistent with theirs: that the rigidity of larger, more bureaucratic organizations may foster structural inertia that hinders adaptations.

There are few empirically supported suggestions as to how size might influence staffing increases. My findings of the lacking impact of size on staffing increases could suggest that hiring tendencies are not related to organizational size but other variables. In this particular instance, it could be that increasing staff was a necessary step towards weathering the challenges (e.g., expanding services, managing increased community needs) brought forth by COVID-19, regardless of organizational size.

My findings on tendencies to build coalitions build on previous research, suggesting that large organizations are less likely to pursue such activities. It could be that larger organizations felt that they already had the resources necessary to weather this transition, whereas smaller organizations needed the shared resources and stability that accompany coalition building.

### **Diversification**

As noted before, the nearly equal likelihood of small budget, small service and large budget, large service organizations to reduce service suggests that the degree of diversification influences decisions to reduce service when it is compounded by similar size.

My findings on the positive impact of diversification on service expansion capabilities build on existing research by Mendoza-Abarca and Gras (2019), who hold that larger organizations can facilitate the development and expansion of services. In my study, small size and small focus made organizations less likely to introduce new services. Mendoza-Abarca and Gras' conclusion is thus supported by these findings when a narrowly focused organization is also small and vice versa.

Because there did not appear to be an impact of the degree of diversification on CDC's increased access to government and private funds, it would appear as though diversification was not a necessary step towards financial stability, as Park and Mosley suggested in their 2017 study. As stated above, this could be a result of the unique nature of the COVID-19 pandemic.

My findings on staff increases and how well organizations made the virtual transition are consistent with the conclusion that diversification increases the necessary amount of human resources and other administrative overhead costs (Kistruck et al., 2013; Mendoza-Abarca & Gras, 2019). As participating organizations diversified their services, they underwent resource-consuming institutional changes that therefore required increased staff.

Finally, as it relates to tendencies to engage in coalition building, my finding that less diversified organizations were less likely to pursue such activities is consistent with existing literature. As Mendoza-Abarca and Gras (2019) argue, more narrowly-focused organizations may lack the network of potential partners for engaging in such activity (Stern & Henderson, 2004; Tanriverdi & Lee, 2008; Beckman, Haunschild, & Phillips, 2004). An alternative explanation could be that more narrowly-focused organizations did not feel the need to engage in this activity because they were adequately addressing constituent needs without external coalitions.

### **Limitations / Future Research**

Together, my findings on organizational size and diversification are important because they add to the literature on organizational adaptation, providing an understanding of the impact of these variables on adaptive strategies. However, this research is not without its limitations. To begin, I interviewed 19 organizations, a small sample size by most research standards. Therefore, while my findings do offer a meaningful understanding of the influences on organizational adaptation in CDCs weathering COVID-19, it is unclear whether or not they can be generalized to the industry more broadly. Additionally, although semi-structured interviews are useful for encouraging the flow of conversation that often uncovers new insights, interviewees may not have felt prompted to share things that I covered with other interviewees, despite my best efforts at consistency. Future research can expand this exploration to larger sample sizes, coming to conclusions that can be more accurately generalized to the industry as a whole. By exploring these variables in additional contexts, future research can also explore the extent to which the COVID-19 pandemic was unique, or simply amplified existing relationships.

## Appendix A: Service Designations

### Housing

- ❖ Affordable housing development
- ❖ Weatherization
- ❖ Rent/utility assistance
- ❖ Re-housing / emergency shelter services
- ❖ Homeownership classes

### Education (K-12) / youth empowerment programming

- ❖ Summer camps
- ❖ Sports camps
- ❖ After-school programming

### Youth employment / workforce development

- ❖ Youth workforce/skill development classes
- ❖ Working opportunities

### Personal economic development / employment (adult) / personal empowerment

- ❖ Workforce development classes
- ❖ Entrepreneurial programs
- ❖ General financial literacy classes

### Food services

- ❖ Food pantry; soup kitchen; community meals
- ❖ Grocery services
- ❖ Farmer's market
- ❖ Nutrition education

### Community/resident organizing

- ❖ Community leadership training

### Community economic development

- ❖ Physical development / redevelopment
- ❖ Community business development

### Health services / senior care

- ❖ Addiction counseling
- ❖ Public clinics
- ❖ Adult foster care / special needs daycare
- ❖ Resource advocacy (filling out medicare/medicaid)

- ❖ Access to personal care needs

Religious services

- ❖ Worship services
- ❖ Faith counseling

Legal aid

- ❖ Pro bono legal services

Family services

- ❖ Parenting classes
- ❖ Resource connection
- ❖ Childcare

## Appendix B: Interview Guide

### Opening Question(s):

Can you tell me a little about what brought you to this work?

Can you give me a brief overview of the role that you play in this organization?

### Substantive Questions:

#### *Pre-COVID*

What did your organization's operations look like pre-COVID?

- In what service areas did you work?
- How often did you engage in-person with residents/community members?

#### *COVID - Initial Responses*

As a leader of this organization, can you tell me about your org's initial response to the outbreak of COVID-19 (in March)?

- How did you change office operations? Did you have to make any changes to your staff?
- Did you shut down completely for a while?
- Which things pivoted online? What did that transition look like?

#### *COVID - Services*

How has COVID-19 affected the operations of your organization?

- Did you have to cutback--or cut out completely--certain services?
  - How did you decide which services would be cut or not?
- Have you made any additions to the services you provide?
- Have you experienced a higher demand for certain services?

#### *COVID - Finances*

How has COVID-19 affected the financial stability of your organization?

- Have you found new sources of revenue?
  - How did you decide to pursue that particular revenue stream? (aka were they motivated by client needs, organizational financial needs, etc.)
- Have you shifted your energies in any particular areas? Why those, and why not others?

### Closing Question

Are there any broad lessons that your organization will be taking away from the current moment/year?

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