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**THE INTERNET ADOPTION BY NON-PROFIT ORGANISATIONS :
AN EXPLORATORY STUDY**

By

José Carlos Pinho¹
Escola de Economia e Gestão
Universidade do Minho, Portugal

and

Isabel Maria Macedo
School of Health and Social Studies
University of Warwick, UK

Track: Public and non-profit organisations

¹ **Address for correspondence:** Dr. José Carlos Pinho, Assistant Professor, Escola de Economia e Gestão, Universidade do Minho, Portugal, Tel: 253-604557; e-mail: jcpinho@eeg.uminho.pt.

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Abstract

During the last few decades, the advances of the new information technologies in general and the adoption of the Internet in particular have attracted the attention of many academics and practitioners. This trend has also been reflected in the increasing number of studies reporting the multiple potentialities and obstacles associated with this new technology. However, to date, much of the research undertaken has been mainly focused on for-profit organisations, and less emphasis has been concerned with other organisational contexts, such as the non-profit sector. Therefore, the purpose of this exploratory study is to analyse the extent to which non-profit organisations are adopting the Internet, how they are using it and with which purpose.

Key Words: Non-profit organisations, Internet, benefits, barriers.

INTRODUCTION

The increasing popularity of the use of Internet in a wide range of different areas of society has, to some extent, compelled organisations to integrate more complex and sophisticated information technologies. This practice has been however differently undertaken by organisations. While business firms and governments are in the forefront in adopting the Internet, non-profit organisations have moved at “a snails pace when integrating such systems into their organizational structures” (Akers and Coleman, 1994). This trend is reflected in much of the existing literature about the use of the Internet which has been, to our best knowledge, mostly addressed to for-profit firms. In fact, scant research has been addressed to the non-profit sector. However, it has been recognised that the Internet impacts on every non-profit activity, notably raising awareness and influence, creating an information resource, fundraising and mobilising people for a specific cause. In the context of an increasing competitive environment, in which non-profit organisations are required to manage their resources and capabilities in a more efficient and effective way, the Internet has become an important tool to accomplish such demands.

Considering the specificity of the services provided by non-profit organisations, which are mainly based on intangibles like ideas and information, attitudes and awareness, the Internet is therefore likely to be better suited to this kind of organisations than it is to for-profit firms (Saxton and Game, 2001). Thus, the main purpose of this exploratory study is to analyse the extent to which non-profit organisations are adopting the Internet, how they are using it and with which purpose. Additionally, since this study replicates and extends the research undertaken on for-profit firms, using a large sample of Portuguese non-profit organisations, it is also intended to validate the existing measures and to develop useful and parsimonious scales for measuring the perceived benefits and barriers attached to the use of the Internet in the context of the non-profit sector.

Concerning the organisation of this paper, three parts were considered. The first part is dedicated to a review of the literature in which the potentialities and barriers or obstacles associated with the adoption of the Internet are discussed within the context

of non-profit organisations. Subsequently, the methodology and construct development will be presented in part two. The paper concludes with a discussion of possible implications of this research for theory and practice.

1. CONCEPTUAL FOUNDATIONS

1.1. The Specific Case of the Non-profit sector

Before analysing the major benefits and obstacles associated with the use of the Internet, it seems important to start by clarifying the concept of non-profit organisation. An important contribution has been made by Salamon and Anheier (1996) who proposed a “structural/operational definition” which focuses on the organisational characteristics of non-profit organisations. The ideological characteristics attached to non-profit organisations are also emphasised by Hall (1987) who defines a non-profit organisation as a body of individuals that associate for any of three purposes: 1) to perform public tasks that have been delegated to them by the state; 2) to perform public tasks for which there is a demand that neither the state nor for-profit organisations are willing to fulfil; or 3) to influence the direction of policy in the state, the for-profit sector or other non-profit organisations (Hall, 1987:3). These features emphasise the distinctive character of non-profit organisations when compared with for-profit firms, namely that the mission of a non-profit organisation is built around service, defined by Kanter and Summers (1987) as some societal value of ‘doing good’. In the line of this argument, Schofield remarks that to some extent “financial values become subservient to these social values and these social values themselves only have meaning as long as they are regarded as being beneficial” (1996: 111). These particular features of non-profit organisations lead us to assume that the benefits and barriers associated with the adoption of the Internet is differently perceived within the non-profit and for-profit sectors. Since the theoretical foundations of the present study derives mainly from research undertaken on for-profit organisations, some cautions should be taken when transferring the concepts and models from one sector to another.

Although there are considerable barriers to the adoption of Internet technologies among non-profit organisations in part due to insufficient financial resources, these organisations are adopting a different attitude in relation to the way they use the Internet. These media is increasingly used as an instrument to attract and diversify funding sources. Furthermore, the connectivity of the Internet provides an immense opportunity to enhance the way in which non-profit organisations fulfil the needs of users of their products and services (McIvor et al., 2002) and to share information with their stakeholders. These arguments concur for an increase of the use of the Internet in this sector as it has already occurred in for-profit firms. So, the concepts and models taken from literature focused on for-profit organisations appear to be suitable, after a refining process, to be applied to the present study.

Moreover, the lines dividing for-profit and not-for profit organisations have become increasingly blurred (Kanter & Summers, 1987; Osborne, 1996). For-profit organisations are more aware of the role of values, stressing the organisations’ social mission (Ouchi, 1981) and non-profit organisations are more financially concerned due to the need of attracting revenues. In fact, these organisations are faced with pressures to become more cost-conscious and competitive in relation to securing resources (Leat, 1995). Considering the foregoing discussion, the present study attempts to examine

some of the aforementioned benefits and barriers within the context of non-profit organisations.

1.2 Non-profit organisations and the option of the Internet: Benefits and Barriers

The use of the Internet by organisations in general and non-profit organisations in particular can be approached in different ways. As Walczuch et al. (2000) acknowledge, in their study about "Internet adoption: Barriers for Small Firms in the Netherlands", 91% of all surveyed firms use the Internet for external communication via e-mail. In turn, only 25% of the firms indicate the use of the Internet for internal communication. The network of opportunities that can be obtained through the use of the Internet enable non-profit organisations not only to promote their social goals, gain more visibility and public image but also to disseminate their services and programs as well as carry out fundraising (Saxton and Game, 2001). This suggests that the adoption of the Internet goes beyond the limits of profit-making commercial business in the private sector.

In order to assess the extent to which non-profit organisations are attracted by the use of the Internet, and considering the scarcity of studies in this sector, this study applies mostly to the literature on small business firms. A large number of empirical studies have been conducted to identify the major benefits and barriers associated with the use of the Internet in small business firms (Abell and Limm, 1996; Poon and Stron, 1997; Poon and Swatman, 1997; Walczuch et al., 2000).

Having the foregoing discussion in mind the following research propositions are proposed:

H1: The degree of adoption of the Internet by non-profit organisations is likely to be influenced by the area of activity within which these organisations operate.

H2: There is a positive relationship between the perceived benefits associated with the use of the Internet and a positive attitude towards this medium.

H3: There is a positive relationship between the perceived obstacles associated with the use of the Internet and the negative attitude towards this medium.

2. METHODOLOGY AND CONSTRUCTS DEVELOPMENT

Based on the tradition of positivism and following similar studies in the field, the present study is mainly quantitative-oriented. However, this approach will be complemented by qualitative methodologies (Easterby-Smith et al., 1991). Construct measures for this study have been derived from existing literature and from the exploratory interviews (Abell and Limm, 1996; Poon and Stron, 1997; Poon and Swatman, 1997; Walczuch et al., 2000). A pool of items was generated for measuring the benefits and barriers associated with the adoption of the Internet. These items were then pre-tested in two distinct stages: 1) Face-to-face interviews with five academics; 2) Face-to-face interviews with 10 non-profit organisations' managers to validate the items and pre-test the questionnaire. The goals of the pre-test were to assess clarity of questions, determine the length of time required for completion, and examine the appropriateness of the subject matter for the population of interest. Based on this feedback the items were either redefined or eliminated, and new items were developed. The

responses were recorded on a 5 point Likert scale anchored by 1 (strongly disagree) and 5 (strongly agree). Then, a self-completion questionnaire was developed addressing the following issues: identification, environment, Internet Adoption (benefits and obstacles).

To ensure the effectiveness of this research the validity and reliability of the measurement instrument was assessed. While validity means that theory, model, concept or category should describe reality with good fit (Nunnally, 1978), conversely, reliability implies that two (or more studies) focusing the same phenomenon with similar purposes should achieve the same results (Carmines and Zeller, 1979).

Items to measure the Internet perceived benefits:

Eight items have been retained from the relevant literature and the other five have been drawn from exploratory interviews (Table 1).

Table 1: Perceived Benefits

Items *	Source
Improving the public image	Exploratory interviews
Savings in advertising costs	Poon and Swatman (1997)
Low cost communication	Poon and Strom (1997)
Availability of expertise	Abell and Limm (1997)
Effectiveness in information gathering	Abell and Limm (1997)
Fundraising source	Saxton and Game (2001)
Recruitment of staff and volunteers	Saxton and Game (2001)
Improving operating efficiency	Saxton and Game (2001)
Improving service delivery	Saxton and Game (2001)
Dissemination of social values	Exploratory interviews
Dissemination of Programs	Exploratory interviews
Interconnectivity with state agencies	Exploratory interviews
Form and extend non-profit networks	Exploratory interviews

* Measured on a five Likert-point scale (1=Very important ; 5= Very unimportant)

Items to measure the Internet perceived barriers:

Four items have been retained from relevant literature and one was drawn from exploratory interviews (Table 2).

Table 2: Perceived Barriers

Items *	Source
Costs (start-up costs)	Purao and Campbell (1998)
Unfamiliarity with the internet	Purao and Campbell (1998)
Security hazards	Purao and Campbell (1998)
Beneficiaries/Users without access to the Internet	Abell and Limm (1996)
Decreased productivity due to frivolous use	Abell and Limm (1996)
Lack of expertise	Exploratory interviews

* Measured on a five Likert-point scale (1=Very important ; 5= Very unimportant)

A total of 320 usable questionnaires was returned from a total population of 7000 non-profit organisations. Non-response bias was assessed by comparing the responses of early respondents with those of late respondents (Armstrong and Overton, 1977). Data is now in the process of being analysed.

Given the non-existence of a general database with statistical information regarding the activity of non-profit organisations operating in Portugal, a set of national lists of these organisations were then obtained from different State departments. Due to the diversity of State departments responsible for accounting records of non-profit organisations, the process of obtaining a complete sampling frame was a difficult task. In order to avoid duplication of cases among different national lists, it was decided to create a general database with the data obtained from the different state departments related with different fields of non-profit activity. Some corrections were then made in order to ensure the quality of the sampling frame from which the sample was drawn.

The data have been collected in October 2002 and subsequently have been checked and entered into a data file. Then, it will be analysed by means of statistical package. At this stage, only preliminary analysis have been performed. In the next few months results will become available.

4. POSSIBLE IMPLICATIONS OF FOR THEORY AND PRACTICE

Providing information is what Internet does best. Words, pictures, moving images and music can all be sent down a telephone line directly into people's homes. There is no physical product to deliver and yet the information provided can be life-changing. The results of this study could provide important insights into how non-profit organisations perceived the Internet as a marketing communication tool. Additionally, some theory implications can also be achieved, by developing useful and parsimonious scales for measuring the perceived benefits and barriers attached to the use of the Internet in the context of non-profit organisations.

From the point of view of non-profit managers, this study will provide relevant guidelines of the way the use of the Internet can support their organisation in promoting their social goals, built online communities, cost reduction, public image, disseminating their programmes and services as well as fundraising. For example, relationships lie at the heart of much of what charities do. The combination of email and website allows charities to have relationships that are tailored to the individual and low-cost to maintain, irrespective of whether the relationship is driven by information needs, service delivery or fundraising. After all, when referring to the nature of the product offered by non-profit organisations, the term "service" assumes crucial importance because the major products that are offered by these organisations are intangible, mainly social and/or psychological (Kotler and Andreasen, 1996). The present study will also provide important implications for public policy makers because it can provide important insights into how the non-profit sector is using this new information technology, so that specific measures can be designed to favour the needs of these organisations.

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