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Patricia Groble

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Risk Management or Risky Management? Preparing Nonprofit Leaders for Risk and Liability

Presented by Patricia Groble, Ph.D. Student, C.S.U.

Collaborative project with Jeffrey L. Brudney, Ph. D., of UNC-Wilmington;

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Overview

- Observation: volunteer management policies and practices often omit potential risks
- Assumption: nonprofit management professionals are exposed to latest information on volunteer management, including risks as students
- Purpose: what is scope of coverage in course books



Nature of nonprofits

- Nonprofits rely extensively on volunteers
 - Volunteerism considered “third sector” of economy
 - In 2012, 64.5 million (26.5%) of Americans volunteered (BLS)
 - 4 of 5 nonprofits use volunteers
- Benefits organization and volunteers
 - Extends the reach of organization’s services
 - Creates sense of community, social connections
 - Feelings of usefulness



Nature of Volunteerism

- Organizations expect more from their volunteers
 - Not just coaching, fundraising or supporting paid staff,
 - Being asked to perform staff-like functions
- Raises expectations
- May put pressure on volunteers
- Increases staff-related issues (working conditions, training)



Nature of Volunteerism

Cost implications:

- Supervisory staff
- Training and materials
- Legal issues: HR, federal and state immunity laws that shift liability



Preparedness of managers and volunteers

- Training and other best practices for managing volunteers
- Urban Institute (2004) research
 - Less than half of U.S. charities use nine commonly-endorsed best practices to a “large degree.”
 - Training for volunteers and paid staff least likely to be provided
- Consequence: the organization may be at risk for economic losses as a result of lawsuits.



Preparedness of managers and volunteers

- Managers have responsibility for volunteers' training and preparation
- Who trains and prepares managers?



Research question

- Certain expectations regarding nonprofit studies
- To what extent, if any, are nonprofit students introduced to the topics of volunteer management in general, and more specifically, the risks that may be associated with the use of volunteers?



Definitions

- Risk:
 - possibility of something bad or unpleasant happening; someone who might cause something bad or unpleasant to happen (Merriam-Webster)
 - anything that can derail an organization from accomplishing its mission (Nonprofit Risk Management Center)
- Risk management:
 - anticipating those occurrences (or the possibility) and putting in place policies and procedures to avoid them.



Risks and liabilities

- Board members and service volunteers
- Volunteer Protection Act study:
 - Activities of all kinds can give rise to legal actions
- Types of risks
 - Personal injury or property damage
 - Violations of laws, including HR
- Result can be legal liabilities on the part of nonprofits, staff and/or volunteers
- Focus on volunteers
- Not a discussion of legal principles



Adverse impacts of volunteers

- Three ways a volunteer's acts can adversely impact organization
 - Organization can be liable to a third party for acts of its volunteers;
 - Organization can be liable to a volunteer for injuries sustained while volunteering; and
 - Volunteer can be liable to third party for volunteer's actions while volunteering.



Literature review

- Falls into “risk management” category
- White papers: specific topic, target audience
- Research based: governance focused
- Law journals: focus on legal issues



Methodology - overview

- Examine books likely to be required reading for undergraduate or graduate classes
- Measured the amount of coverage by number of pages



Methodology

- Internet searches on:
 - Google books
 - Amazon
 - Publishers' websites:
 - Sage
 - Wiley/Jossey Bass
 - Indiana University Press
 - Rowman and Littlefield



Methodology

- Search terms:
 - Nonprofit management
 - Nonprofit management principles and practice
 - Nonprofit organization and management
 - Third sector management
 - Nonprofit risk management
 - Nonprofit legal principles
- Total results: 1644



Methodology

- Criteria used to narrow down the list:
 - Publication dates: 2005- 2014;
 - Subject matter
- Looking for coverage
 - Volunteers
 - Volunteer Protection Act
 - Risk management or risk taking
- Control: fundraising coverage
- Total: 63
- Preliminary examination: 22 books with no coverage



Methodology

- Next phase:
- Access remaining books (hard copy or ebooks)
- Page count; percentage calculation



Why is this important?

- Nonprofits are increasingly dependent upon volunteers
- Resources are tight; training and supervision of volunteers may be minimal
- Amplifies exposure to risk
- First line of addressing this is to get information to those who will be directly impacted



Questions?

