

Reduced performance triggers turnover for nonprofit executives

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Nonprofit organizations that have declining expenditures—an indication of reduced operations—are more likely to seek new leadership, according to a new study.

"The [nonprofit sector](#) has been critiqued as not holding its executives accountable, even when they are underperforming," says Amanda

Stewart, an assistant professor of public administration at NC State and lead author of a paper describing the work. "But this study shows that poor performance does lead to [executive](#) turnover in nonprofits."

For this study, researchers looked at data on 998 U.S.-based nonprofits that focus on issues related to the arts, health or human services. Specifically, the researchers focused on executive turnover and each [nonprofit organization](#)'s annual expenditures. Annual expenditures served as a proxy for assessing the work a nonprofit was doing to advance its mission.

The researchers found that, if a nonprofit's annual expenditures decreased by 20 percent over a three-year period, that nonprofit organization was 50 percent more likely than other nonprofits to seek a replacement for its [chief executive officer](#).

"Nonprofits are not motivated by profit, but this study tells us that the field still holds its executives accountable for effective action and outcomes," Stewart says. "To the best of our knowledge, this is the first time this question has been addressed for the [nonprofit](#) sector."

The paper, "Turnover at the Top: Investigating Performance-Turnover Sensitivity Among Nonprofit Organizations," is published in the journal *Public Performance & Management Review*. The paper was co-authored by Jeff Diebold, an assistant professor of public policy at NC State.

More information: Amanda J. Stewart et al, Turnover at the Top: Investigating Performance-Turnover Sensitivity among Nonprofit Organizations, *Public Performance & Management Review* (2017). [DOI: 10.1080/15309576.2017.1340900](https://doi.org/10.1080/15309576.2017.1340900)

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