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Commercialisation in the nonprofit sector - Blessing or curse?

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Abstract

The rapidly growing nonprofit sector with its important role as a provider of social services is facing new challenges; not only due to the growing number of organisations competing for scarce resources, but also as a result of the increasing complexity of social issues that the sector is trying to solve. To respond to the current challenges, nonprofit organisations are increasingly utilising commercial practices. While there is a plethora of existing scientific studies agreeing on the most common reasons for and forms of commercialisation in the nonprofit sector, there is no consensus whether the implementation of commercial activities positively or negatively affects nonprofit organisations. Apart from the differing views on the effects of commercialisation, the majority of existing studies addresses the general effects rather than the effects of individual commercial practices. Trying to fill this gap in the literature, this thesis explores the effects of different forms of commercialisation in two Gothenburg-based case studies through semi-structured interviews. The results indicate that most commercial activities lead to effects that can be categorised into an increase in resources, efficiency, economic sustainability as well as the retention of organisational values and positive mission-level effects, showing the potential of commercial practices to support nonprofit organisations. The research furthermore revealed organisations' lack of awareness of what role commercial practices play in their organisations.

Table of contents

1. Introduction

1.1 Background

The rapidly growing nonprofit sector with its important role as a provider of social services is facing new challenges; not only due to the growing number of organisations competing for scarce resources such as grants and donations, but also as a result of the increasing complexity of social issues that the sector is trying to solve (Cordery and Sinclair, 2013; Svensson, Mahoney and Hambrick, 2020). As the nonprofit sector is taking over a plethora of public services, formerly provided by governmental agencies, they are also increasingly facing for-profit competition (Kerlin and Pollak, 2011; Meinhard and Foster, 2003). Additional challenges result from the decline in government funding and donations, making it difficult for nonprofit organisations to obtain sufficient funding and ensure their organisational survival (Alexander, 2000). To adjust to the changing environment and to respond to the new challenges, nonprofit organisations are increasingly turning towards commercialisation (Weisbrod, 2004). While the existing literature offers a variety of different definitions and terminology to describe the same, or similar phenomena, in this context, commercialisation describes the implementation of business knowledge, tools and practices, originating from the for-profit sector, in nonprofit organisations which can take various different forms (Maier, Meyer and Steinbereithner, 2014). The becoming more business-like of the nonprofit sector and its ramifications such as the challenge of pursuing commercial goals in alignment with its overall social mission, raises a variety of concerns, opposing the advocates viewing commercialisation as an approach to addressing the sector's challenges. While the lack of consensus on the effects of commercialisation in nonprofit organisations and the lack of common terminology in this rather fragmented research field point to the need for further research, it furthermore is connected to the high diversity of this sector (Maier et al., 2014). The nonprofit sector not only comprises a plethora of different organisations such as religious, charitable, educational and healthcare organisations, as well as research institutes, civil rights groups and certain forms of social enterprises, but also their individual missions and objectives which not only depend on the work environment, but also on factors such as the limitation of resources, stakeholders' expectations, and the unmet social needs (Carnochan et al., 2014; Speckbacher, 2003; Herman and Renz, 2008; Cordery and Sinclair, 2013). These current developments with its differing consequences for individual organisations and the nonprofit sector's importance for society makes this field an especially interesting and relevant research area.

1.2 Research purpose and motivation

The purpose of this study is to explore the effects of commercialisation in the nonprofit sector. To do this, this research project focuses on analysing the effects of individual forms of commercial practices in two nonprofit organisations in the form of a qualitative study. To take

the limited generalisability of results in the nonprofit sector, due to its diversity, into consideration, the data collection is limited to two organisations to allow a more in-depth analysis rather than striving to take account of the whole sector. However, to acknowledge the sector's diversity and to be able to better observe differences in the choice of commercial activity and their effects, two nonprofit organisations with rather different organisational setups were chosen as the case studies. To be able to neglect the potential influence of differences in the geographic area and its cultural aspects, this study focuses on two nonprofit organisations based in Gothenburg.

While there is a plethora of existing scientific studies agreeing on the most common reasons for and forms of commercialisation in the nonprofit sector, there seems to be a strong focus in the current literature on the creation of commercial revenue streams, while other forms of commercialisation receive less attention (Ko and Liu, 2021; Weisbrod 2004; Moulick, Alexiou, Kennedy and Parris, 2020). Furthermore, there is no consensus whether the implementation of commercial activities and its organisational consequences are a blessing or a curse for nonprofit organisations. Supporters of commercialisation emphasise the potential of commercial practices to contribute to increased self-sufficiency of nonprofit organisations as an approach to solving some of the sector's current challenges (Guo, 2006, Maier et al., 2014). As Litrico and Besharov (2019) state, "To remain financially viable and continue to accomplish their social missions, nonprofits are increasingly adopting a hybrid organizational form that combines commercial and social welfare logics." (p. 343). To accommodate both logics, traditional nonprofit organisations are required to adjust their current operational models and processes by introducing new business practices (Fitzgerald and Shepherd, 2018). This divergence form the traditional nonprofit model leads critical voices to raise the concern that the increasing shift of focus to commercial, market-oriented goals contradicts the organisations' moral adherence to their social mission and causes mission-drift by diverging from its social goals (Phills and Chang, 2005; Eikenberry and Kluver 2004). Weisbrod (2004), for example, states "The problems with commercialism are often subtle. For instance, when a nonprofit emulates the behavior of a private firm, the lure of profits may change the incentives that shape managerial behavior." (p. 46). Apart from the differing views on the effects of commercialisation, the majority of existing studies addresses the general effects rather than the effects of individual commercial practices. Trying to fill this gap in the literature and to contribute to the ongoing discussion about commercialisation effects by shedding more light onto the different forms of commercial practices and its individual effects, the thesis explored the research questions presented in section 1.3.

1.3 Research questions

Based on the abovementioned gap in the literature, the following main research question was chosen to contribute new insights to the general discussion of the effects of commercialisation by analysing them based on the specific form of commercial practices that the organisations implemented.

How do different forms of commercialisation affect nonprofit organisations?

    a. Which forms of commercialisation are nonprofit organisations utilising?
    b. What effects do different forms of commercialisation have on the organisational level?
    c. How do the different forms of commercialisation support or hinder the organisation's mission?

The first sub-research question was chosen to provide the basis for the following analysis of commercialisation effects, by identifying the currently utilised commercial activities. The following two sub-research questions then aim to identify commercialisation effects on the organisational, as well as the mission-level, whereby the organisational effects are addressed first, as they may indirectly affect the way the organisations pursue their mission.

1.4 Overview of the structure

This thesis is structured along the following lines. Chapter 2 lies the theoretical groundwork by reviewing existing literature, addressing factors, both on the sector and organisational level, that promote commercialisation, as well as the different forms of commercial practices that are commonly found in nonprofit organisations. Lastly, this chapter provides an overview of the potential positive and negative effects of commercialisation. Chapter 3 describes the methodological approach, explaining and justifying the choice of research strategy, research design, as well as the chosen data analysis approach to provide a better understanding of the research process. Following the research methodology, chapter 4 presents the research findings of both cases, providing an overview of the currently implemented commercialisation forms and its effects on the organisations. Chapter 5 then discusses the findings, analysing the meaning, importance and relevance of the collected data. Furthermore, this chapter acknowledges the limitations and offers recommendations for future research. Chapter 6 concludes the thesis by providing some final comments.

2. Literature review

2.1 Contributing factors of nonprofit commercialisation

Contributing factors of commercialisation of nonprofit organisations can be found both on the sector, as well as on the organisational level.

2.1.1 Sector-level factors

The following section examines economic, societal and political developments as well as changes connected to the nonprofit sector that contribute to the increasing commercialisation.

One of the economic reasons for the nonprofit sector to increasingly adopt for-profit practices is the growing number of organisations, competing for scarce resources (Gras and Mendoza-Abarca, 2014; Do Adro, Fernandes, Veiga and Kraus, 2021). Apart from the intra-sectoral competition, the sector is also facing a growing number of for-profit competitors, making it increasingly difficult for nonprofit organisations to obtain sufficient resources (Kerlin and Pollak, 2011; Meinhard and Foster, 2003). This development in the competitive environment further encourages organisations to improve their efficiency and effectiveness to create a competitive advantage in attracting funders (Sowa, 2009; Khieng and Dahles, 2015; Do Adro et al., 2021). A related economic and political factor that negatively contributes to this issue is the decline of traditional nonprofit funds such as government grants, contract funding and donations, creating a serious financial challenge and making it necessary to find alternative approaches to revenue generation (Taylor and Taylor, 2014; Morris, Coombes, Schindehutte and Allen, 2007). Especially the decline of governmental funds since the beginning of the 1980s, as an important political development, has had a crucial impact on organisations engaging in commercial revenue creation through the adoption of business practices (Salamon, 1999; Gras and Mendoza-Abarca, 2014). According to Salamon (1999), nonprofit organisations are, for example, increasingly introducing service fees in an attempt to substitute diminishing financial support. This, however, seems to attract for-profit businesses into the nonprofits sector's field of operation, resulting in the above-mentioned intensifying intersectoral competition.

Furthermore, changes in politics such as the introduction of New Public Management in the 1980s, which is based on the implementation of commercial management strategies in the public sector, contributed to the market orientation of the nonprofit sector by setting an example of how for-profit practices can be utilised intersectoral (Liebschutz, 1992). While New Public Management was initially introduced in the United Kingdom, it gained global relevance in the 1990s as a tool to increase the efficiency and effectiveness in the public, as well as the nonprofit sector (Lynch-Cerullo and Cooney, 2011; Jansen, 2008). Confirming the political influence on nonprofit organisations, Kerlin and Pollak (2010) state that "Institutional theory suggests that when a nonprofit faces external pressures, it will draw on institutional solutions from its environment" (p. 15).

A societal development that further promotes the commercialisation of the nonprofit sector is the increasing complexity of social issues that organisations are trying to solve, which results in higher costs for the provision of nonprofit services, exacerbating the financial struggle that the sector is facing (Kerlin and Pollak, 2010; Gras and Mendoza-Abarca, 2014; Do Adro et al., 2021). Moreover, as a result of the sectors growing responsibility as a provider of social services, nonprofit organisations are confronted with an increased demand for accountability and legitimacy, requiring them to become more professional in regards to their organisational processes (Carnochan, Samples, Myers and Austin, 2014; Boateng, Akamavi and Ndoro, 2016). According to van Iwaarden, van de Wiele, Williams, Moxham (2009), private donors are increasingly seeking information about nonprofit organisations' performance and legitimacy before making a donation, creating additional pressure to improve the organisational efficiency and effectiveness.

As the examined economic, societal and political developments exemplify, nonprofit organisations operate in a continuously changing and turbulent sector, making strategic flexibility and the willingness to respond to changes in the environment crucial factors of organisational survival and facilitating the increasing adoption of commercial behaviours. Further contributing factors of the progressing commercialisation of nonprofit organisations can also be found on the organisational level.

2.1.2 Organisational level factors

The following section examines the developments and changes within nonprofit organisations and their direct environment that contribute to the increasing commercialisation. The influencing factors include economic aspects, board characteristics, as well as organisational culture, external stakeholders and the desire for legitimacy.

An economic contributing factor of commercialisation that is based on the described developments in the nonprofit sector is the need to increase revenue to ensure economic survival and improve organisational efficiency (Khieng and Dahles, 2015). Furthermore, the diversification of funding sources decreases the uncertainty inherent in financial dependence, which plays a crucial role in sustaining operations, especially considering the decline of traditional nonprofit funding (Moulton and Eckerd, Gras and Mendoza-Abarca, 2014; 2012; Khieng and Dahles, 2015).

Apart from financial reasons, the characteristics of the board can impact whether an organisation engages in commercial activities (Stone, 1989). According to Tan and Yoo (2015), nonprofit organisations whose board members have previous for-profit experiences and promote innovation, are more likely to adopt business practices as part of their organisational strategies. Moreover, board members with commercial experience "[...] may have an interest in introducing business-like standards that require the use of staff like themselves" (Maier, Meyer and Steinbereithner, 2014, p. 10), facilitating commercialisation in the form of professionalisation (Hoffmann, 2011). The adoption of business practices is further influenced by the extent to which the board encourages risk-taking in the nonprofit organisation (Tan and Yoo, 2015).

Closely related to the board's characteristics, is the organisational culture and the organisation's general attitude towards innovativeness and risk-taking, which either works as a barrier or trigger for commercial activities in nonprofit organisations (Tan and Yoo, 2015). The organisation's innovation orientation, together with its learning orientation, influences commercial behaviour, as it determines how committed nonprofit organisations are to observe and respond to developments in their environment, especially regarding customers and competitors (Choi, 2014). Furthermore, it also enhances an organisation's ability to detect new opportunities, providing social value, that resulted from developments and changes in the organisational environment (Do Adro et al., 2021).

According to Tan and Yoo (2015), the characteristics of the social mission as well as the field of activity and to what extent commercial activities are believed to improve the pursuit of that mission is another influencing factor of nonprofit organisations adopting business-like practices (Enjolras, 2002; Dart, 2004b).

The above-mentioned increasing complexity of societal issues, accompanied by growing external demands, exceeding organisations' capacity, can further encourage commercialisation, based on the desire and willingness of nonprofit organisations to expand their capacity to meet society's needs (Do Adro et al. , 2021). A significant factor, contributing to the progressing commercialisation of nonprofit organisations, is the growing pressure from external stakeholders such as funders, beneficiaries and society at large (Meinhard and Foster, 2003). Organisations are not only facing an increasing demand for accountability, but also the pressure to demonstrate efficiency and effectiveness, proving the sustainability of programs and services (Carnochan et al. , 2014; Boateng, Akamavi and Ndoro, 2016; Ouimette, Chowdhury and Kickul, 2021). At the same time, funders require nonprofit organisations to keep their costs at a minimum, which, in combination with the growing demands, puts them in an unsustainable position (Moulick, Alexiou, Kennedy and Parris, 2020). Institutions, as another external stakeholder, are also exerting pressure on nonprofit organisations by requiring them to demonstrate that resources are used efficiently, especially in the current period of public budget cuts and general resource constraints, which encourages commercial activities to both improve efficiency and increase revenue generation (Martens, 2006; Dart, 2004b).

Furthermore, institutions can facilitate commercial behaviour by supporting those nonprofit organisations that have already implemented business practices, often in the form of innovation and entrepreneurial activities (Dart, 2004b; Moody, 2008). Funders in the form of businesses, might also directly promote commercialisation by structuring their relationships with nonprofit organisations based on business standards, implementing for-profit practices in the nonprofit context (Moulick et al., 2020).

The plethora of external demands and the desire to be more independent from these pressures to be able to shift the focus to the needs of the organisation in the pursuit of achieving its social mission, represents another influencing factor that promotes the adoption of commercial practices (Khieng and Dahles, 2015). Confirming this, Moulick et al. (2020) state: "At its heart, a shift towards market-based revenue is an attempt for NPOs [non profit organisations] to strategically restructure their relationship with funders and more effectively balance the power exerted by these stakeholders." (p. 3).

According to Dart (2004b), nonprofit organisations' desire for legitimacy may further serve as a trigger for the implementation of for-profit practices as the legitimacy of business and its standards in general could help to legitimise an organisation.

Based on these influencing factors, commercialisation can take several different forms, which are summarised and assessed in the following section.

2.2 Forms of commercialisation

Commercialisation, as nonprofit organisations adopting business practices, can occur in multiple different forms and does not only vary in the extent to which it impacts the original structure and norms of the organisation, but also in the purpose of the individual commercial activities (Ko and Liu, 2021; Dart, 2004a; McKay, Moro, Teasdale and Clifford, 2015).

Table 2.2 Forms of nonprofit commercialisation

Commercial activity	Purpose	Example
Business-like rhetoric	Improving image and legitimacy	(Visual) Communication of business narratives
Charging fees	Income generation	Beneficiaries paying a small fee for consultations/training/ use of facilities
Selling products and services	Income generation, raising awareness	Nonprofits selling merchandise, nonprofits opening cafés
Networking	Organisational survival, legitimacy, access to resources	Relationships with other organisations, individuals, government agencies
Marketisation	Increasing efficiency, effectiveness and social impact	Market-, customer- and competitor-orientation, marketing
Managerialisation	Increasing efficiency, financial performance, control and coordination	Utilising business management practices and knowledge
Professionalisation	Increasing efficiency, knowledge transfer	Hiring managers with commercial experiences
Contracted service provision	Income generation, increasing legitimacy	Government paying nonprofits to provide public services
Collaborations with businesses	Income generation, knowledge transfer,	Endorsing products, sponsorships

	expanding capacity	
Social enterprise	Income generation, expanding capacity, increasing efficiency	For-profit social venture Nonprofit with for-profit subsidiaries

Table 2.2 provides an overview of the most common forms of nonprofit commercialisation with their varying attributes and gives examples of what the commercial activities could look like in practice. The table consists of three columns – commercial activity, purpose, as well as example – and describes different business practices and the specific purpose they serve in nonprofit organisations. To make the different forms of commercialisation easily comprehensible and more illustrative the table also provides examples of activities in practice. While not all forms are directly connected to the creation of commercial revenue streams, they also represent aspects of commercialisation as they contribute to nonprofit organisations becoming more business-like by adopting for-profit practices to enhance the organisational efficiency and effectiveness. According to Ko and Liu (2021), commercialisation in nonprofit organisations consists of the three aspects "engaging commercial revenue strategies", "creating a professionalized organizational form", and "legitimating a socio-commercial business model" (p. 15), illustrating the variety of commercial activities.

One of the commercial behaviours that nonprofit organisations engage in is the use of **business-like rhetoric** by, for example, internally and externally communicating business narratives that positively influence employees', as well as the public's perception of the organisation and its legitimacy (Maier et al., 2014). The implication that the organisation is utilising business practices adds to their perceived capabilities, thereby enhancing its public image (Moody, 2008).

Charging small **fees** for the provision of services is another approach to becoming more business-like and serves the main purpose of generating additional income (Dart, 2004b; Eikenberry and Kluver, 2004). An example of what that could look like in practice, is nonprofit organisations, offering some form of consultation or training, charging their beneficiaries a small fee per session to partially cover their costs (Dart, 2004b; Eikenberry and Kluver, 2004; Kerlin and Pollak, 2010).

An approach to diversifying revenue streams, while simultaneously raising awareness for the nonprofit organisation and its social mission, is the **selling of products and services** that do not necessarily have to be related to the organisation's field of operation (Kerlin and Pollak, 2010). Well-established organisations like UNICEF or Amnesty International are selling merchandise such as Christmas cards, clothing or office supplies to generate income and

enhance their visibility (Teasdale, 2010; Dart a, 2004). Other nonprofit organisations choose to sell services by opening cafés, or similar, to create revenue (Khieng and Dahles, 2015).

While **networking**, in the broader sense, is not necessarily connected to commercialisation, the aspects of networking focused on here can be categorised as a commercial activity for multiple reasons. Firstly, the purpose of networking is based on commercial intentions such as gaining access to resources, achieving legitimacy to facilitate attracting new funders and donors, as well as gaining an advantageous competitive position, prolonging organisational survival (Sowa, 2009). Furthermore, due to the growing competition in the nonprofit sector, organisations' networking activities are increasingly goal-driven and based on strategic decisions (LeRoux and Goerdel, 2009). As nonprofit organisations can only spend a certain amount of time on networking, they have to strategically choose which actors to focus on; keeping in mind from which relationships the organisation can benefit the most, illustrating the business-like aspects of networking (Sowa, 2009; LeRoux and Goerdel, 2009). According to Johansen and LeRoux (2012), the organisational network, involving individuals, organisations, and governmental agencies, has a significant impact on the achievement of organisational goals and the overall performance of nonprofit organisations, thereby becoming an important commercial activity.

According to Eikenberry and Kluver (2004), **marketisations** is another common form of commercialisation in nonprofit organisations and describes the development of market-type relationships between organisations and their stakeholders. Organisations' behaviour is increasingly based on market attributes, viewing beneficiaries as customers and other organisations as competitors (Lorimer, 2010). The shift of focus from organisational processes to a customer- and competitor-orientation is an example of marketisation in practice. Both the needs of customers and competitor characteristics have become important factors in strategic decision-making processes. The intention behind this form of commercialisation is to increase the internal efficiency, while also enhancing effectiveness by being more observant and responsive to changes in the environment to better meet beneficiaries' needs (Khieng and Dahles, 2015). A practical example of a marketisation practice is the utilisation of marketing tools such as social media platforms and websites with the purpose to improve the communication with the organisations' external stakeholders, supporting fundraising efforts and facilitating volunteer involvement (Hart, Greenfield and Johnston, 2005; Boschee, 2006). Confirming this, Levin and Zahradnik (2012) have found a positive relationship between higher market-orientation through the use of online media and the organisation's improved financial viability through increased income generation and higher social impact.

Another common form of commercialisation is **managerialisation** and refers to the process of basing organisations on business management knowledge and practices such as tools for strategic planning and the coordination of activities. The intended outcomes of managerialisation include improved control, coordination and effectiveness (Hvenmark, 2013). According to Shirinashihama (2019), managerialisation furthermore serves the purpose of increasing the organisation's efficiency, especially in terms of resource allocation,

but also its financial performance, which may be connected to the commercial activity professionalisation, discussed in the following paragraph.

Professionalisation, as another commercial activity, does not only refer to nonprofit organisations increasingly using business-related criteria such as formal credentials and qualifications in the hiring process of new staff, but also to employing more paid and permanent employees rather than volunteers and placing higher emphasis on formal training of employees to raise their qualification levels (Salamon, 1999; Hwang and Powell, 2009). A concrete example of this form of business activity is the hiring of managers with commercial experience with the intention to enhance the organisation's efficiency and facilitate knowledge transfer (Tan and Yoo, 2015).

Eikenberry and Kluver (2004) suggest that **contracted service provision** is another business practice that can increasingly be found in the nonprofit sector and refers to organisations getting paid by, for example, the government to provide public services as the latter often does not have the capacity for the provision of certain services (Kerlin and Pollak, 2010). The incentive for nonprofit organisations to engage in this kind of business relationships is the generation of additional income, while also enhancing their organisational legitimacy through the government's trust in their capabilities (Moody, 2008).

A related form of commercialisation is the **collaboration** of nonprofit organisations **with** for-profit **businesses** (Ko and Liu, 2021). These collaborations not only create revenue and increase organisational capacity, but can also be a source of knowledge transfer, which represents an opportunity for organisations to expand their competencies (Ko and Liu, 2021; Moody, 2008). One concrete example of nonprofit-business collaborations is endorsements that require nonprofit organisations to advertise certain products of their partner in return for financial support (McKay et al., 2015).

The commercial practice with the potentially highest transformative impact is the creation of a **social enterprise** that can take a plethora of different forms such as nonprofit organisations with for-profit subsidiaries or, vice versa, for-profit ventures with nonprofit subsidiaries (Fitzgeral and Shepherd, 2018; Kickul and Lyons, 2016). While the legal status of the nonprofit organisations is not affected in these examples, social enterprises can also be created as pure for-profit ventures pursuing social goals, which would involve the conversion of nonprofit organisations, thereby changing the legal form and losing the tax-exempt status (Kickul and Lyons 2016). The purpose of implementing this form of commercialisation is the possibility to generate additional income and expand the organisation's service provision capacity by utilising the benefits of two organisational forms (non- and for-profit) (Eikenberry and Kluver, 2004). Furthermore, it may increase the efficiency as the non- and for profit parts can focus on the tasks and processes that fall into their fields of expertise (Kickul and Lyons 2016).

After the assessment of the different forms of commercialisation the following section will continue by addressing the outcome of nonprofit organisations implementing commercial practices.

2.3 Effects of commercialisation

While the literature generally agrees on factors that contribute to the increasing occurrence of nonprofit commercialisation, the opinions in regards to the outcome of organisations adopting business practices differ significantly. Therefore, this chapter examines both the potential benefits as well as the disadvantages associated with commercialisation to provide a balanced overview of the potential effects.

2.3.1 Potential benefits of implementing commercial activities

The following section sheds light on the opportunities that the adoption of for-profit practices may provide for nonprofit organisations. Whether opportunities are relevant and applicable for the individual organisation depends on the extent to which the organisation engages in different forms of commercial behaviour.

One of the main effects of engaging in business activities is the opportunity for nonprofit organisations to generate additional income and thereby improve the overall resource availability, financial performance and organisational flexibility (Levine and Zahradnik, 2012; Moulick et al., 2020). The increase in revenue may also translate to an improved compensation of employees, strengthening the organisation internally (Moulick et al., 2020). However, Gras and Mendoza-Abarca (2014) have found "[...] a U-shaped relationship indicating that low to moderate levels of market-based income decrease the likelihood of firm exit, whereas high levels increase this likelihood." (p. 392), showing that commercial revenue is only beneficial for organisational survival to a certain extent.

According to Beck, Lengnick-Hall and Lengnick-Hall (2008), another positive effect of becoming more business-like is the improved organisational performance, especially if commercial tools and techniques are integrated in bundles rather than implementing single tools. Other studies have found that nonprofit organisations, engaging in commercial activities, are not only more efficient, but also show "[...] improved governance, a better financial and administration system [...]" (Khieng and Dahles, 2015, p. 237), as well as improved services and greater social value (Eikenberry and Kluver, 2004). These factors also allow nonprofit organisations to provide employees with better training, which has positive implications for employees' capabilities and thereby for the quality of service provision (Khieng and Dahles, 2015). The organisations' overall improved performance can furthermore contribute to attracting external funders more easily as it ensures that grants and donations are used efficiently (Khieng and Dahles, 2015; Do Adro et al., 2021).

Furthermore, Guo (2006) suggests that the generation of commercial revenue contributes to organisations' autonomy by becoming less dependent on external funders and thereby decreases the external influences on organisational procedures and resource allocation (Froelich, 1999; Moulick et al., 2020). According to Froelich (1999), it also provides an opportunity for the nonprofit sector to decrease the income uncertainty in times where a growing number of organisations is competing for declining resources. Moreover, the increased income and self-sufficiency may have a positive effect on the reputation of nonprofit organisations and thereby also facilitate the attraction and retention of staff (Guo, 2006). Additionally, adopting new practices add to the competencies of an organisation, which in turn may enhance its public image and legitimacy (Moody, 2008).

Another opportunity for nonprofit organisations that is connected to commercial activities is the higher innovation capacity that can positively impact organisational survival and is based on the learning effects of observing and responding to developments in the market, as well as on the increased independence allowing organisations to be bold in their strategic decision-making (Choi, 2012; Guo, 2006). Confirming this, Do Adro et al. (2021) state that an organisation's commercial orientation positively influences social innovation. The increased learning and market orientation furthermore contribute to improved organisational performance (Choi, 2012).

Connected to the higher innovation capacity, is an opportunity for the communities that nonprofit organisations operate in that is based on organisations creating an entrepreneurial spirit, providing community members with new possibilities (Khieng and Dahles, 2015).

Carey, Braunack-Mayer and Barraket (2009) describe an opportunity that arises from the growing interaction between nonprofit organisations and their communities with the for-profit sector that not only expands the nonprofit network, but also creates new possibilities for engaging with the state. Similarly, other studies have found that adopting business-like behaviours, helps nonprofit organisations to be heard by governments and increases their political influence (Graddy and Morgan, 2006; Harmer et al., 2013).

Connected to the expansion of the nonprofit network, nonprofit commercialisation in form of partnerships with businesses provide the opportunity to not only generate additional income, but also to obtain skills and knowledge from each other that are beneficial for the organisations' overall performance (Sanzo, Alvarez, Rey and Garcia, 2015).

2.3.2 Potential disadvantages of implementing commercial activities

The following section provides insights into the challenges that nonprofit organisations may face when adopting for-profit behaviours.

One of the main challenges concerns the implementation process of business practices in nonprofit organisations due to the differences of sectoral and organisational characteristics

(Beck et al., 2008). The purpose of for-profit strategies, that are originally developed for large businesses, can be difficult to align with the particularities of nonprofit organisations and their individual missions, often making for-profit tools inappropriate (Bozzo, 2000; Lindenberg, 2001). According to Beck et al. (2008), "[...] nonprofit managers commonly limit the selection and transfer of business techniques to those that solve specific problems or appear consistent with nonprofit orientations" (p. 153) to avoid or decrease the problems of alignment. However, the adoption of single isolated tools reduces the effectiveness that they could have when adopted in bundles (Beck et al., 2008).

Organisations might furthermore lack the necessary resources, skills and knowledge for the implementation of commercial practices, which especially concerns smaller nonprofit organisations due to their resource constraints (Schneider, 2003; Padanyi and Gainer, 2004). Dees (2012) has found that the leaders of nonprofit organisations often do not have the capabilities and experience required to successfully manage commercial activities. According to Fitzgerald and Shepherd (2018), relatively few nonprofit organisations are commercially successful. Even after the implementation, business techniques can lead to unforeseen negative outcomes because of the peculiarities of the nonprofit sector, impacting both the applicability and compatibility (Beck et al., 2008; Froelich, 1999).

An additional challenge, connected to the implementation process of for-profit approaches in the nonprofit context is the resistance from practitioners, apprehending the undermining of original values of the nonprofit sector (Eikenberry, 2009; Dey and Teasedale, 2013). Diverging attitudes towards commercialisation may lead to conflicts and jeopardise the organisational identity, further leading to declining organisational performance (Ouimette et al., 2021; Battilana and Dorado, 2010).

According to Gras and Mendoza-Abarca (2014), organisations that rely too much on commercial revenue generation jeopardise their organisational survival as the financial risk increases entering commercial markets. Organisations are not only facing for-profit competitors and market-related uncertainties, but also the risk of losing tax exemption (Froelich, 1999).

Another challenge arises from the negative impact of commercial revenues on the level of donations (Guo, 2006). The decrease of donations might be influenced by the perceived erosion of legitimacy that nonprofit organisations are experiencing when engaging in commercial activities. Confirming this thought, another study has found that, if organisations drift too far from traditional nonprofit norms and values, it may have a negative impact on their legitimacy and, therefore, makes it more difficult to obtain funding (Fitzgerald and Shepherd, 2018; Weisbrod, 2004). However, Klausen (1995) states that whether the organisation's legitimacy is influenced by commercialisation is depending on whether the adopted practices align with the expectations of external stakeholders. On the other hand, studies have found that nonprofit organisations are facing a paradox of legitimacy, describing the phenomenon that adjusting too much to the environment can weaken the organisations' legitimacy in the public's eye, as the adaptation to societal changes may erode the very

essence of the organisation (Balanoff, 2013). Haigh and Hoffman (2012) suggest that beneficiaries as well as society at large hold organisations accountable to their mission statement and react to any diversion from it, which challenges nonprofit organisations to prove that the integrity of their mission remains intact, despite the adoption of business approaches. According to Froelich (1999), the diversification of revenue streams through commercial activities furthermore adds to the organisational complexity, creating an additional source of potentially conflicting demands and operational obstacles (Ouimette et al., 2021). Apart from increasing the organisational complexity, the resource-intensive revenue acquisition also decreases the resources that otherwise could have been utilised for the pursuit of the organisation's social mission (Froelich, 1999).

A change in the allocation of resources, together with a shift of organisational focus from social to financial goals, causes a mission drift, which is one of the major challenges associated with nonprofit organisations adopting business practices (Froelich, 1999; Fitzgerald and Shepherd, 2018; Weisbrod 2004). Furthermore, the nonprofit organisations have an important role in society as "[...] guardians of societal values, services providers, advocates for the interests of local communities, and purveyors of social capital." (Sandberg, 2016, p. 52). That is affected by the commercialisation as nonprofit organisations have to align diverging interests, leaving less capacity for exercising this traditional role and putting civil society at risk (Eikenberry and Kluver, 2004; Moulton and Eckerd, 2012).

Closely related, Keever et al. (2012) suggest that the implementation of for-profit strategies diverts organisations' attention from their beneficiaries and community-building, weakening its social network (Ko and Liu, 2021). By impacting the relationship with beneficiaries and reducing the extent of volunteer involvement, commercialisation negatively impacts the organisation's ability to create social value, which "[...] could profoundly change the civic functions of local nonprofit organisations, with significant consequences for the community's capacity to solve local problems and address social needs" (Backman and Smith, 2000, p.371). Confirming this, Aiken and Bode (2009) state that the engagement in for-profit activities has a negative influence on the quality of the provided service due to the demand for short-term results and formal procedures. According to Ko and Lui (2021), the traditional nonprofit organisation and its organisational structure is not designed for effectively integrating both non- and for-profit practices, leading to undesired outcomes.

3. Research methodology

The following chapter presents and explains the methodological approaches this thesis is based on, including the chosen research strategy and design, as well as the data collection and analysis process. Lastly, this chapter addresses the research quality.

3.1 Research strategy

Methodologically, this thesis is based on a qualitative research strategy, using an abductive approach, combining aspects of both inductive and deductive reasoning. As the nonprofit sector is very diverse in regards to organisational forms and pursued missions, findings referring to the sector as a whole, would not necessarily be applicable to individual organisations, which is not only why generalisability of results is not one of the prevailing research goals, but also why a research strategy has been chosen that allows a more in-depth analysis and deeper insights into nonprofit practises (Bell, Bryman and Harley, 2018). Furthermore, the focus lies on contextual rather than general understanding of certain occurrences, contributing to a deeper understanding of an under-researched field and its particular phenomena, making a qualitative approach the most suitable.

An abductive research approach has been utilised as an attempt to overcome the potential limitations of the inductive and deductive approaches, allowing a more organic development of theory building by using a research process of iteratively working with empirical data and theory to narrow down the broad research topic over time (Dubois and Gadde, 2002). This was especially suitable for the relatively immature research fields, as the researcher incrementally gained knowledge that determined the direction of the further research, requiring more of an open-ended research strategy, which aligned well with the qualitative approach (Eisenhardt & Graebner, 2007).

3.2 Research design

The research design is based on a combination of case study and comparative design, assessing and comparing two non-profit organisations and their approach to commercialisation. While the case study approach provided a very detailed and in-depth examination of processes in the individual organisations, the comparative design offered an alternative perspective and a point of reference (Goodrick, 2020). Two organisations with very different organisational characteristics were chosen to take account of the diversity of the nonprofit sector and to be able to observe the potential effects of the organisational differences.

The first chosen case was The Program on Governance and Local Development (GLD), a research program at the political faculty of the University of Gothenburg that was originally founded in 2013 at Yale University by program director, Professor Ellen Lust. "GLD focuses on the local factors driving governance and development. The program is dedicated to international collaboration and scientifically rigorous, policy-relevant research in an effort to promote human welfare globally." (GLD, 2022). While GLD is involved in a variety of international research projects in different countries, the organisation and administration are centrally executed by a Gothenburg-based office (GLD, 2022).

This research subject was not only chosen based on the researcher's previous experience with the organisation, which provided useful background knowledge, but also due to its particular

position as a nonprofit organisation and part of the political faculty, allowing to observe the use of commercial activities in a more restricted environment.

The second case study was based on the nonprofit organisation Focus Business School, founded in 2008 by Marco Strömberg that strives to fight poverty by teaching entrepreneurship courses, based on Christian values. While the head office is located in Gothenburg, the organisation is operating in 36 countries around the world, developing local entrepreneurship schools. After an initial stage in which Focus Business School trains local volunteers, the responsibility for teaching as well as the schools in general is handed over to those volunteers to allow the organisation to move on to other regions and countries (Focus Business School, 2020).

While this research subject was partially chosen based on its thematic connection to the entrepreneurship field, it further represents a rather independent organisation in regards to external requirements which offers an interesting antipole to GLD.

3.3 Data collection

While the collected data was mainly gained through primary data collection, secondary data has been used to obtain additional information and enrich the primary data.

3.3.1 Primary data collection

Primary data has been collected through four semi-structured interviews, allowing an in-depth exploration of the research topic and providing insights into the organisations' utilisation of different forms of commercialisation from, both, the founder and project management perspective. Semi-structured interviews have been chosen as they allow to gather specific information while giving the interview participants room to freely express their own thoughts and offering the interviewer flexibility to ask additional questions, where further elaboration was needed and valuable (Gray, 2016; Yin, 2009). The same interview guide, which can be found in Appendix 8.1, has been used for all interviews to provide guidance and increase the comparability of interviews (Bell et al., 2018). The interview participants included the founders of both organisations, as well as GLD's program manager and the project manager responsible for Focus Business School in Rwanda.

Sampling
All interview participants were strategically selected based on their position and the depth of organisational knowledge they would be able to provide, which required an understanding of the organisational structure and processes. While the project/program managers provided valuable insights into how everyday processes are influenced by commercial activities, the founders presented the "bigger picture" and how the organisations as a whole are influenced by commercialisation. This purposeful approach to sampling ensured the inclusion of the most relevant individuals, based on the researcher's perception of who would be able to

provide valuable information to answer the research questions (Patton, 2001). The table below presents the overview of interviewees as well as their position in the organisation and the duration of their interviews.

Interviewee	Position	Duration in minutes
1	Founder Focus Business School	68
2	Founder GLD	47
3	Program Manager GLD	55
4	Project Manager Focus Business School	62

Setting

Due to the epidemiological situation and practical reasons, the interviews were conducted via Zoom and ranged between a duration of 47 to 68 minutes, depending on the amount of follow-up questions and the participants' willingness to share additional information. As the interviews were conducted by a single interviewer, the latter refrained from taking notes during the process to avoid any distraction. Instead all interviews were recorded and transcribed to ensure that no important information was missed. All interview transcripts were sent to the interview participants for approval.

3.3.2 Secondary data collection

The secondary data collection made use of the information freely available on the organisations' websites and social media pages, which provided access to additional sources such as newsletters and annual reports, which have been cited and can be found in the list of references.

3.4 Data analysis

The collected data was assessed through thematic analysis, coding the transcripts and subsequently categorising the determined codes into broader themes. This approach offers great flexibility as it relies less on specific theoretical frameworks than other approaches, thereby allowing for patterns to emerge from the data (Bell et al., 2018). Identified themes were compared and contrasted with existing literature to create a strong base for exploring the research questions (Braun and Clarke, 2012). After the interviews had been conducted, they were reviewed and thoroughly transcribed. Based on the transcripts, initial codes were developed for chunks of data especially relevant to the research questions. These codes were then categorised into themes to represent key patterns found within the collected data. Certain themes were revised and renamed to align with the terminology found in existing literature. A limitation associated with thematic analysis is the influence of the researcher on the outcome

of the data analysis due to subjective observations and interpretations, which negatively influence the replicability of results as well as the level of transparency (Bell, et al., 2018). To minimise the effects of this limitation, the researcher thoroughly documented the research process, sent transcripts to interview participants for approval and provided access to all data upon request.

4. Findings

The following chapter summarises the main findings, divided into identified forms of commercialisation, effects and the relationship between individual forms of commercialisation and their effects. For reasons of clarity and comprehensibility, the findings from both case studies are presented separately. The first part of the chapter is dedicated to the findings from Focus Business School, while the second part presents the findings from interviews with GLD.

4.1 Focus Business School

While the identified forms of commercialisation are presented in Table 4.1.1, Table 4.1.2 provides an overview of the themes, representing commercialisation effects. The different forms of commercialisation and their individual effects are illustrated in Table 4.1.3.

4.1.1 Identified forms of commercialisation

Table 4.1.1 Forms of commercialisation– Focus Business School

Data	Forms of commercialisation
But we work very decentralised. So we don't micromanage people in other countries.	**Business-like rhetoric**
	Managerialisation
It's a network and also the politicians and the main businessmen in town. And they can help us in different ways. One thing to face the challenges is to widen the group of teachers and sponsors and coaches and mentors everywhere.	**Networking**
[...] we have Zoom meetings and they share what's happening and then we have a talk how to move things forward, set up goals, address different kind of problems they face.	**Strategic planning**
So with that kind of environment, when you pay such a	**Depersonalisation**

high price as the founder it creates high credibility, but at the same time for the long run you have to detach it from being dependent on the person that started it so that's the process we are in right now and I hope we can find a way that this organisation can only work around the concept [...]

So it's a very cheap business model and we push out both the engagement and the value. [...]
So the business process is to as soon as possible give it over to the local organisation and let them finance and own the course [...].

Organisational structure

[...] no he's also on the board, because he has done the whole journey from something very small to something, I would say, pretty big actually.

Professionalisation

	Marketisation

Website, Facebook, newsletter

Online marketing

Here in the west we don't print material, because we don't use paper in the same way and we use digital documents, but when you come to Africa and so they don't use the documents in the same way and of course they're not readers

Customer focus

	Diversification of income streams

It's the private persons, the sponsors and the schools we are running in Sweden and then also a little bit the countries where we are.

Collaboration with businesses

Then we if we do a contract in that other country, they pay a starting fee so that starting fee that is usually very low.

Charging fees

Yes, donations or income from the rich countries. For example, we get 3000 for a student in Gothenburg and have no costs. The teachers and the materials are already there. We use that to finance the organisation.

Selling a service

We also have some of the courses done in the studio so it's a TV studio quality and you can buy that online [...].

Selling a product

Table 4.1.1 summarises the identified forms of commercialisation that Focus Business School is currently utilising, as well as interview excerpts to illustrate how the organisation has implemented the commercial activities. While the collected data provides several examples for each form of commercialisation, only one option is displayed for reasons of clarity and comprehensibility. Furthermore, the table is divided into the categories business-like rhetoric, managerialisation, as well as marketisation and diversification of income streams.

While **business-like rhetoric** makes up its own category and simply describes that interview participants used business terminology throughout the interviews, managerialisation, as the second category, comprises multiple different commercial activities.

One of those activities is the creation of a professional **network** that Focus Business School is not only building with churches and volunteers, but also with private supporters and companies.

Strategic planning to define organisational goals, tasks and strategies is another tool, originating from the business sector, that Focus Business School utilises. According to the founder, strategy meetings on the operational level are conducted weekly, while the tactical level is addressed monthly and meetings concerning strategic decisions are held annually or biannually.

Depersonalisation, as another subcategory of managerialisation, emerged directly from the collected data in contrast to the other commercial forms and terminology that were derived from the literature. This commercial activity describes the development of processes to centre the organisation around an operational concept rather than certain individuals.

Another aspect of managerialisation is the creation of a clearly defined **organisational structure**, setting in place fixed processes such as handing over the teaching to the local organisations at the earliest possible point to create individual, self-financed entities within Focus Business School.

The last aspect of managerialisation that has been identified is **professionalisation** as the hiring of professional staff such as the new board member with experience in building and growing a nonprofit organisation, which represents a rather new commercial activity that Focus Business School engages in as most employees are working on a voluntary basis.

Marketisation, in the sense of developing market-type relationships between organisations and their stakeholders, is the next category of forms of commercialisation and encompasses online marketing, as well as customer focus.

The information on **online marketing** has been derived from the organisation's website and includes the website itself, as well as the organisation's Facebook page, newsletter and live events that are used to share updates while raising awareness and further expanding the network of donors, supporters and students (Focus Business School, 2020).

The development of a **customer focus**, as the second form of marketisation became apparent in how the organisation's processes are based on and respond to the different needs of both their customers and their beneficiaries, which especially takes the cultural background, as well as other contextual factors into account. While the term beneficiaries refers to students in developing countries, who would not be able to pay tuition fees, the term customers is here used to refer to students in wealthier countries, whose tuition fees help to finance the beneficiaries' courses.

The last category of commercial activities that Focus Business School implemented is the diversification of income streams, which encompasses the collaboration with businesses, selling a service and product, as well as **charging fees**. The latter refers to a setup fee that Focus Business School is charging local organisations (predominantly churches) that are taking over the management of the schools after they have been trained to partially cover organisational costs.

Another identified commercial activity is the **collaboration with businesses** in the form of sponsorships, providing free advertising on the organisation's website in return for financial support.

Furthermore, Focus Business School is **selling a service** in the form of teaching entrepreneurship courses, which students in wealthier countries are paying tuition fees for.

Selling a product, as the last form of commercialisation that the organisation implemented, refers to online course material that can be bought on the Focus Business School website.

4.1.2 Effects of commercialisation

The effects of commercialisation are presented in the form of the two tables below, followed by an in-depth explanation of their content. While Table 4.1.2 provides an overview of the five identified themes, representing the main effects that Focus Business School experiences as a result of engaging in different commercial activities, Table 4.1.3 illustrates the relationship between the individual commercialisation forms and their effects in the form of a matrix. The vertical dimension represents the different commercial activities, whereas the horizontal dimension consists of the organisational effects. The crosses are indicating the different relationships between the two dimensions. While the second-order concepts displayed in Table 4.1.2 have been found to lead to a certain organisational effect, it should be noted that they do not operate in isolation, but are interrelated to other contextual factors. Therefore, Table 4.1.3 provides a simplified overview of how certain forms of commercial activities affect the organisation. While the literature provides additional effects of certain forms of commercialisation, the tables above only include effects that have been identified based on the collected data.

Table 4.1.2 Effects – Focus Business School

Second-order concept	Themes
Income generation	**Resources**
Knowledge transfer	
Increase in human resources	
Physical resources	
Organisational stability	**Efficiency**
Increased capacity	
Decentralisation	
Growth	**Economic sustainability**
Depersonalisation	
Financial independence	**Retention of organisational values**
Diversified income streams	
Increasing the impact	**Mission-level effects**
Effectiveness	

4.1.3 Effects of the individual forms of commercialisation

Table 4.1.3 Forms of commercialisation and their effects- Focus Business School

	Resources	Efficiency	Sustainability	Retention of organisational values	Mission-level effects
Networking	x	x	x		x
Strategic planning		x			
Depersonalisation		x	x		

Organisational structure		x			x
Professionalisation	x	x			
Online marketing		x			
Customer focus					x
Diversification of revenue streams				x	
Collaboration with businesses	x				
Charging fees	x				
Selling a service	x				
Selling a product	x				

The following section evaluates both tables in a combined approach, presenting the aggregated effects and the commercial activities that contribute to these effects. The themes are presented in individual subchapters. All italicised sections represent interview excerpts.

4.1.3.1 Resources

The first identified theme, "Resources" comprises multiple organisational effects that are based on an increase in resources in different forms. Apart from an increase in intangible assets through knowledge transfer, this furthermore includes physical, financial, as well as human resources. As an organisation with limited financial means, obtaining resources through different approaches, plays a significant role in how the organisation operates, which became apparent at different points of the interviews.

It is done with some kind of organisation; Christian organisation most of it. Usually a church so they use the facilities they have and they mobilise the business people to be the teachers, who volunteer and teach. So, it's a very cheap business model and we push out both the engagement and the value. So, what you usually buy for money it's voluntarily given like

facilities, like the teachers volunteer. So that means it's a very low-cost concept. – Interviewee 4

It's a network and also the politicians and the main businessmen in town. And they can help us in different ways. One thing to face the challenges is to widen the group of teachers and sponsors and coaches and mentors everywhere. So, it's not a rich organisation, but we have made a real impact in the countries. – Interviewee 4

These excerpts show that the commercial activity of networking is of high importance in regards to gaining resources. While the network with local organisations provides access to additional volunteers and free facilities, the network with private individuals and companies that support the organisation increases the financial resources through donations and sponsorships.

And trust comes from personal relationships and trust comes from communicating something that people can believe in, which ....there is substance behind it. So very much it's been very much for my own personal network and some of them, theirs as well. That's why we have had the donations coming. – Interviewee 1

Another commercial activity that contributes to an increase in resources is the hiring of professionals that not only add to the human resources, but also provides access to knowledge through the experience they bring into the organisation.

[...] he's also on the board, because he has done the whole journey from something very small to something, I would say, pretty big actually.– Interviewee 1

Lastly, further increasing Focus Business School's resources are the forms of commercialisation that generate income through collaborating with businesses, selling a service and product, as well as charging fees.

[...] part of those school fees goes to support what we do in other countries. – Interviewee 1

We also have some of the courses done in the studio so it's a TV studio quality and you can buy that online but that's not for the poor people that's more for, you know, the middle-class people in Singapore and Thailand or something like that. And that can also finance the work so that's a bit of the business part of what we do. – Interviewee 1

Yes, donations or income from the rich countries. For example, we get 3000 for a student in Gothenburg and have no costs. The teachers and the materials are already there. We use that to finance the organisation. – Interviewee 4

4.1.3.2 Efficiency

"Efficiency" represents the second theme and comprises the effects organisational stability, increased capacity, as well as decentralisation, all contributing to making the organisation's processes more efficient. Creating and defining an organisational structure, as one of the forms of commercialisation, increases Focus Business School's efficiency by putting in place standardised processes that provide an organisational framework.

So it's a very cheap business model and we push out both the engagement and the value. [...] The business process is to as soon as possible give it over to the local organisation and let them finance and own the course [...]. – Interviewee 4

Networking is another activity that increases efficiency as it allows the organisation to delegate tasks and costs to individual parts of the network. Furthermore, entities within the network have access to each other's experience and knowledge which also adds to the overall efficiency, as the decentralisation decreases the Focus Business School's workload.

So, the process we have of building strong local networks, where each entity can have their own organisation, can finance themselves and can take on initiatives of running courses themselves. – Interviewee 4

But we want to have a network and one of the ideas is to be able to connect all the schools. So that we can export and import through the schools, do courses together, you know when you can do everything over the internet. – Interviewee 1

Closely related to the idea of decentralisation is the commercial activity of depersonalisation, which describes the development of processes to centre the organisation around an operational concept rather than certain individuals. As Focus Business School is currently operating in 36 countries, basing the whole global organisation on the founder as the personification of Focus Business School, would not only be very time-consuming for the founder, but also highly inefficient.

So with that kind of environment, when you pay such a high price as the founder it creates high credibility, but at the same time for the long run you have to detach it from being dependent on the person that started it so that's the process we are in right now and I hope we can find a way that this organisation can only work around the concept [...] – Interviewee 1

Further contributing to an increase in efficiency is strategic planning as an aspect of professionalisation. Setting common organisational goals and discussing problems regularly does not only help to find solutions more easily, as another country might have faced similar issues before, but also ensures that all parts of the organisation are working towards the same goals, thereby increasing the efficiency.

Yeah, I am in constant contact with the team so we have monthly follow-up on each continent on Asia, South America. On Friday, I will have South America and then all the main leaders we have Zoom meetings and they share what's happening and then we have a talk how to move things forward, set up goals, address different kinds of problems they face. So that is our tool to have these monthly follow-ups to ensure that everything is running smoothly and they also get ideas from each other. – Interviewee 1

Professionalisation in the form of hiring paid employees is another commercial activity, facilitating more efficient processes as it is contributing to organisational stability and an increase in capacity as working with volunteers also comes with a high turnover of staff, which is why Focus Business School is striving to employ more paid staff.

And also we work with volunteers so some people come to work for a year and then we want something else so we have to train another person. So, we don't always have that stability with people staying. – Interviewee 1

The organisational effect of having more paid and permanent staff has been described by the founder in the following way, which highlights the increase in organisational capacity as the time of paid staff can be required to a different extent.

Because it becomes quite vulnerable when you have only volunteers. And of course, I mean they have things to do after work, they have kids, they have other interests, they have to rest, so it's not easy to require their time and I cannot say do this or something like that. I mean I have to have a very humble approach to people who volunteer. But if you have employees you can require their time in a different way and they can give that time, because they get paid for it. I think we need to come…we have all come to the conclusion that we need to have more employees after 10/15 years. – Interviewee 1

Online marketing as the last form of commercialisation contributes to higher organisational efficiency by raising awareness in a very cost-effective way, thereby making the process of finding new supporters and donors more efficient (Levin and Zahradnik, 2012). The following excerpt of Focus Business School's newsletter from December 2019 describes how the organisation is utilising different media outlets to increase its reach, thereby making the expansion of the network more efficient.

"I'm also pleased to note that we have received a great deal of media attention. The final tally is 2 articles in Världen Idag, one in Dagen, live coverage in Vision Sverige and not least an insert in Dagens Industri that we produced together with Star of Hope (who also celebrated an anniversary, their 50th). 2,400 people tuned in to the live feed on Facebook during the event."

"There were many new and inspiring connections taking place!"

4.1.3.3 Economic sustainability

The third identified theme is "Economic sustainability", which comprises growth and depersonalisation. While the latter has been mentioned above in the context of efficiency, it also plays an important role in sustaining the organisation. By working towards basing Focus Business School on a common concept rather than certain individuals it becomes easier scalable and thereby leads to increased organisational sustainability.

So with that kind of environment, when you pay such a high price as the founder, it creates high credibility, but at the same time for the long run you have to detach it from being dependent on the person that started it so that's the process we are in right now and I hope we can find a way that this organisation can only work around the concept [...]. It's just a more sustainable model. – Interviewee 1

Growth is another effect that contributes to increased sustainability and is based on the commercial activity of networking, which connects back to resources and has been expressed in the following way.

The principle is growth through network, resource-limited growth and using already existing resources like the localities. – Interviewee 4

By continuously growing, Focus Business School is widening its resource base, which helps to sustain the organisation economically.

4.1.3.4 Retention of organisational values

The fourth identified theme, "Retention of organisational values", consists of the effects financial independence and diversified income streams.

Well, on the positive side, I mean you understand it's a lot of private donations, business donations, fees…It makes us very free if I compare with other organisations that are getting public funding. Number one the public funding usually are quite big sums. So, it can be 15% of the whole budget. It can be 100% of the whole budget which makes them extremely depending on the public donations and also maybe the institution is starting to put on different kind of requirements: we want you to do this, we want you to do that. Maybe it's conflicting with our values so I see other organisations, they are… because they have maybe let's say five employees and they will not get this money or half of their budget if they don't compromise with their values. – Interviewee 1

As expressed by the founder in the interview excerpt above, the diversification of income streams, as a form of commercialisation, allows the organisation to forgo public funding, which ensures the financial independence and facilitates the retention of the organisation's values.

So for me it's an ideological approach, a decision not to look for public funding. – Interviewee 1

This ideological decision also emphasises what significance the integrity of their values has and corresponds with Focus Business School being a value-based nonprofit organisation.

4.1.3.5 Mission-level effects

"Mission-level effects" as the last identified theme comprises the effects increasing the impact and effectiveness that positively affect the organisation in pursuing its social mission. One of the forms of commercialisation that is contributing to the effectiveness of the organisation is the utilisation of networks that not only allows the local schools, especially in developing countries, to share experiences and learn from each other, but also increases the organisation's impact as students share their newly gained knowledge outside the schools. Furthermore, as expressed in the interviews, the bigger the local network the more easily it is to conduct additional follow-ups, thereby further increasing the impact of the organisation's work.

[...] because maybe it's a bigger team in some countries and then they can do more follow-ups then other places [...] – Interviewee 4

But we want to have a network and one of the ideas is to be able to connect all the schools. So that we can export and import through the schools, do courses together, you know when you can do everything over the internet. We are starting to get a really strong network in most countries. The actual goal for me is to start 1000 companies in Kigali. 1000 enterprises. But to make an impact. Not only because of us, but a lot of other things happened. Rwanda has totally changed in the 10 years I have been there; from not so entrepreneurial, where now is a lot. – Interviewee 1

So that's why the documents… if you print the documents they can share with their relatives about the new thoughts that we have given and all of a sudden you have a harmony with the environment. People support what they, the journey they do and you have a paradigm shift in the mentality. This has been very, very important and the printed document is very important tool to be able to pass on the knowledge that we have given. – Interviewee 4

The interview excerpt above furthermore highlights customer focus as another commercial activity that the organisation implemented and becomes apparent in how Focus Business School adjusts its processes to the specific setting, especially the cultural background of its customers and beneficiaries to meet their individual needs, thereby increasing the effectiveness of their work, facilitating the organisation's pursuit of its social mission.

We also have some of the courses done in the studio so it's a TV studio quality and you can buy that online but that's not for the poor people that's more for, you know, the middle-class people in Singapore and Thailand or something like that. – Interviewee 1

Here in the west, we don't print material, because we don't use paper in the same way and we use digital documents, but when you come to Africa and so they don't use the documents in the same way and of course they're not readers. – Interviewee 1

In the countries we come to, you can't run the school the same way in Sweden as in deepest Africa. You have to adjust and maybe do some different things depending on the culture. – Interviewee 4

The last commercial practice that supports the social mission is Focus Business School's organisational structure that is based on the process of handing over the schools to local organisations as soon as possible to make them take ownership and reduce the perception of the schools as something from the outside, which takes the beneficiaries needs and preferences into account, thereby increasing the organisation's impact.

So the business process is to as soon as possible give it over to the local organisation and let them finance and own the course so they don't think of it as something from the outside. – Interviewee 4

We give our knowledge and transfer it into Rwandan culture to make them more and more…we want them to take ownership. – Interviewee 4

4.2 The Program of Governance and Local Development

While the identified forms of commercialisation are presented in Table 4.1.1, Table 4.1.2 provides an overview of the themes, representing commercialisation effects. The different forms of commercialisation and their individual effects are illustrated in Table 4.1.3.

4.2.1 Identified forms of commercialisation

Table 4.2.1 Forms of commercialisation– GLD

Data	Forms of commercialisation
I guess the choice; like the cost-benefit analysis of that.	Business-like rhetoric
	Managerialisation
The other thing I've done a lot and continue to do is to support that kind of work also with scholars who are	**Networking**

outside of GU, right.

We need to make sure that we have a consistent structure so that when people leave and people come in they can slot into positions and we know their tasks, they know their tasks.	**Organisational structure**
Planning is just kind of a critical component. And something that we are trying to get better at. Just kind of planning the idea of what GLD should be now, what it should be in 10 months time and what it should be in two years time. *And that's something that the director and I have kind of undertaken to just try to make sure that we know where we're going with our projects.* *We have clearer ideas of our expectations and it's something that we are learning based on mistakes that were made in the past.*	**Strategic planning**
[...]we're becoming a lot better about actively managing the funds that we're spending. So we oversee all of our grants and I run my independent monthly budgets per grant so at the end of every month you can see who spent what, where and why.	**Resource allocation**
[...] but a lot of the business aspects that we do have tend to be: if we need somebody to do a particular role we will of course hire somebody to do that role [...]	**Professionalisation**
But yes, usually with the grants its we have like a research associate looking for grants that we can possibly apply to and then they send that to either the research staff or to Ellen to say these are the grants we think we can do and then Ellen will usually discuss it with me and the research team to say okay we want to try for this with this project.	**Management**
	Marketisation
Facebook, Twitter, LinkedIn, Spotify, SoundCloud	**Online marketing**
So a lot of times we end up repackaging previous grants. We recently submitted one to RJ earlier this year and then Ellen and I will submit that or a repacking of	**Funder focus**

that again to a different granting organisation in April. Just so that the odds of both of them funding the same project is quite small, but if you can maximise your reach. So you submit your proposals to various organisations in the hopes that one will fund.	
We will also be undergoing a rebranding before the end of the year to officially make ourselves a research institution instead of a research program [...].	**Offline marketing**
	Diversification of income streams
We are also generating some income from…because we are a strong infrastructure so there are times when we are having a conference in June which is around the Middle East and we are doing the organisational part in that and as part of that money is then being transferred to us for our team to do that or what Erica does as a statistician, basically what's effectively consulting work for others in the department, which also then helps to support their salaries and their infrastructure.	**Selling a service**

The table above summarises the identified forms of commercialisation that GLD is currently utilising, as well as interview excerpts to illustrate how the organisation has implemented the commercial activities. While the collected data provides several examples for each form of commercialisations, only one option is displayed for reasons of clarity and comprehensibility. Furthermore, the table is divided into the categories business-like rhetoric, managerialisation, as well as marketisation and diversification of income streams.

While **business-like rhetoric** makes up its own category and simply describes that interview participants used business terminology throughout the interviews, managerialisation, as the second category, comprises multiple different commercial activities.

One of those aspects of managerialisation is **networking** and not only takes place among different departments at the University of Gothenburg, but also with scholars and researchers across the world, as well as with different foundations and government agencies. GLD is furthermore involved in organising or participating in international conferences, helping to expand its network (GLD, 2021).

The second subcategory of managerialisation is the creation of an **organisational structure**, clearly defining departments, as well as positions and tasks to simplify the integration of new employees and contributing to increased organisational stability.

Strategic planning is another form of managerialisation that GLD implemented and refers to clarifying organisational goals and defining the future vision for the organisation to ensure that all employees are working towards common goals. The outcome of the strategic planning is also summarised and published on the organisation's website in form of midterm and annual reports (GLD, 2021).

The fourth aspect of managerialisation is **resource allocation**, describing how both financial, as well as human resources are assigned to certain departments or projects, which is documented in form of budgets both before and after the resources have been utilised to provide an overview of the organisation's costs.

Professionalisation represents another commercial activity and subcategory of managerialisation. While GLD has always employed professionals, in the sense of specially trained for the open position, employing more permanent staff has more recently become a practice to introduce more stability into the organisation after dealing with a high turnover of staff.

Management is the last aspect of managerialisation and refers to organisational activities such as setting processes in place to provide guidance for employees, creating new positions to delegate tasks, as well as scheduling regular check-ins to receive feedback from employees.

The second category of forms of commercialisation is marketisation, describing the development of market-type relationships between the organisation and its stakeholders and includes marketing, on- and offline, as well as **funder focus**. The latter describes how the requirements and preferences of potential funders determine the content of research proposals, thereby also influencing which research projects are implemented by the organisation. Certain research proposals are repackaged, in the sense of removing or adjusting elements of the proposal and sent to further potential funders.

Part of the **offline marketing** that is especially prevalent is the rebranding of the organisation, including the name change from being a research program to becoming a research institute to better communicate the organisation's values.

As part of the **online marketing**, the organisation is utilising several media outlets such as their website, Facebook, LinkedIn, and Twitter. Furthermore, the organisation is regularly publishing working papers, annual and midterm reports, as well as a podcast that is available on Soundcloud and Spotify (GLD, 2021).

The last category of commercial activities is the diversification of income streams and consist of **selling a service**, referring to the event management and consulting service that GLD is providing to other departments and organisations to utilise unused capacity and generate additional income.

4.2.2 Effects of commercialisation

The effects of commercialisation at GLD are illustrated in the two tables below, followed by an in-depth explanation of their content. While Table 4.2.2 provides an overview of the five identified themes, representing the main organisational effects that GLD experiences as a result of engaging in the different commercial activities, Table 4.3.2 presents the relationship between the individual commercialisation forms and their effects. The vertical dimension represents the different commercial activities, whereas the horizontal dimension consists of the effects. The crosses are indicating the different relationships between the two dimensions. While the second-order concepts displayed in Table 4.2.2 have been found to lead to a certain organisational effect, it should be noted that they do not operate in isolation, but are interrelated to other contextual factors. Therefore, Table 4.2.3 provides a simplified overview of how a certain form of commercial activity affects the organisation. While the literature provides additional effects of certain forms of commercialisation, the tables above only include effects that have been identified in the collected data.

Table 4.2.2 Effects– GLD

Second-order concept	Theme
Income generation	**Economic sustainability**
Increased the reach	
Increased the legitimacy	
Organisational structure	**Efficiency**
Organisational stability	
Increased accountability	
Alignment of demands	**Retention of organisational values**
Reinforced organisational values	
Diverging expectations	**Misalignment of goals**
External requirements	

| Decreased mission drift | | | | **Mission-level effects** |

4.2.3 Effects of the individual forms of commercialisation

Table 4.2.3 Forms of commercialisation and their effects– GLD

	Sustainability	**Efficiency**	**Retention of values**	**Misalignment of goals**	**Mission-level effects**
Networking	x			x	
Organisational structure		x			
Strategic planning		x			x
Resource allocation		x			
Professionalis ation		x			
Management		x	x		
Online marketing	x		x		
Funder focus		x		x	
Offline Marketing	x		x		
Selling a service	x	x			

The following section evaluates both tables in a combined approach, presenting the aggregated effects and the commercial activities that contribute to these effects. The themes are presented in individual subchapters. All italicised sections represent interview excerpts.

4.2.3.1 Economic sustainability

"Economic sustainability" as the first identified theme encompasses the organisational effects income generation and increased reach. One of the forms of commercialisation contributing to the organisation's economic sustainability through generating income is selling a service. As described in the interview with the founder, GLD is utilising their unused capacity to

provide event management and consulting services to other organisations, which finances part of their infrastructure that is usually not covered by grants, thereby helping to sustain the organisation.

We are also generating some income from...because we are a strong infrastructure so there are times when we are having a conference in June which is around the Middle East and we are doing the organisational part in that and as part of that money is then being transferred to us for our team to do that or what Erica does as a statistician, basically what's effectively consulting work for others in the department, which also then helps to support their salaries and their infrastructure. – Interviewee 2

So those are all different ways [referring to the excerpt above] in which we are attempting to make sure that we are able to support and sustain ourselves. – Interviewee 2

Marketing, as an aspect of marketisation, is another form of commercialisation that leads to an increase in organisational sustainability by expanding the reach of GLD through increasing the accessibility, as well as creating more awareness for the organisation's work.

We will also be undergoing a rebranding before the end of the year to officially make ourselves a research institution instead of a research program [...]. – Interviewee 3

Us becoming an institute just makes it easier for people to understand what we do and for people to kind of find us a little bit more easily. – Interviewee 3

Apart from the rebranding, the organisation is further increasing their reach through the use of several media outlets such as their website, Facebook, LinkedIn, and Twitter. Furthermore, the organisation is regularly publishing working papers, annual and midterm reports, as well as a podcast that is available on Soundcloud and Spotify (GLD, 2021). These marketing strategies do not only raise awareness, but also help to broaden the organisational network and thereby the access to resources, which contributes to an increase in sustainability (Levin and Zahradnik, 2012).

"Of course, none of these efforts would succeed without the team, colleagues, community, and donors who provide GLD with the support, inspiration, and resources that allow us to grow. I am grateful for the expanding interest in GLD and what we do, and the scholarly engagements, organizational contributions, and financial backing we are given." (Annual Report, 2021 accessed through GLD, 2021)

The following excerpt from the Annual Report 2021 highlights the network effects of their online marketing strategies.

"GLD remains committed to promoting a global network engaged in rigorous, policy relevant research on governance and local development, and in 2021, we used online engagement as

the primary way to achieve this. In total, we held 31 online events, joined by 86 presenters from 65 universities and 20 countries." (Annual Report, 2021 accessed through GLD, 2021)

Moreover, GLD is increasing its legitimacy by communicating research findings and achievements, which can have beneficial effects on obtaining funding, thereby contributing to sustaining the organisation (Kaplan, 2001).

"And, we continued to work hard to make sure the results of research are disseminated widely. In 2021, GLD published 18 working papers, 6 reports, 8 volumes of the GLD eJournal via SSRN, 9 peer-reviewed articles, 6 book chapters, and 6 policy briefs. It broadcast 11 podcast episodes and held 43 presentations. In the report that follows, you will find more detailed information about all our collaborators, projects, publications, presentations, and workshops." (Annual Report, 2021 accessed through GLD, 2021)

4.2.3.2 Efficiency

"Efficiency" as the second theme, includes organisational effects such as organisational structure and stability, as well as increased accountability. One of the forms of commercialisation that highly contributes to both structure and stability is strategic planning that GLD implemented. By clarifying organisational goals and defining the future vision for the organisation to ensure that all employees are working towards the same goals, GLD is increasing its efficiency.

Planning is just kind of a critical component. And something that we are trying to get better at. Just kind of planning the idea of what GLD should be now, what it should be in 10 months time and what it should be in two years time. And that's something that the director and I have kind of undertaken to just try to make sure that we know where we're going with our projects. We have clearer ideas of our expectations and it's something that we are learning based on mistakes that were made in the past. – Interviewee 3

Closely related to the tool of strategic planning, are the commercial activities creating an organisational structure and resource allocation. While the latter ensures that resources are used in the most efficient way, the former increases the organisational efficiency through the clear definition of roles and tasks, which is especially beneficial in regards to the high staff turnover that the organisation was facing.

So, I think going forward we have this understanding that every grant we apply for has to include a measure for staffing, which I think helps us in the long-run kind of optimise our efficiency I guess. – Interviewee 3

We need to make sure that we have a consistent structure so that when people leave and people come in they can slot into positions and we know their tasks, they know their tasks. – Interviewee 2

Employing professional and permanent staff as opposed to volunteers is a commercial activity that falls into the category of professionalisation and increases the organisation's efficiency through facilitating organisational stability as GLD was dealing with the abovementioned high turnover of staff.

So, the challenges I've faced had to do with a lot of high rates of staff turnover and instability in structure. – Interviewee 3

The interview excerpt below confirms the positive effect of having more long-term staff.

Interviewer: "So, what I thought about a little when you were talking about how it's managed, especially now that you have more long-term staff, is that it's clearer [...] what roles they have and what their job is so that it's more clearly structured. Has that helped with the instability?"
Interviewee 3: Yes and that also helps us with the idea of cost so if you have somebody who very clearly does this thing then you also need to understand that while they're doing this thing they can't also do this other thing. So, do you want to hire somebody else for that or do you scrap that part of the project.

Additionally, an increase in efficiency has been achieved through increasing employees' accountability, which is based on implementing professionalisation in the form of management to deal with staff-related inefficiencies in the organisation by clearly allocating responsibilities.

I now want people to be specifically, you know, kind of working on and being responsible for specific projects as a way of trying to also help kind of provide a bit more accountability to be honest with you between a researcher and that particular project and the outcomes of that project. So those are some of the changes that we're in the process of making. – Interviewee 2

The explanation for the previous lack of employees' accountability can be found in the interview excerpt below, also showing why managing the program differently has had this organisational effect.

Before we would hire like an RA [research assistant] and already expect them to be able to run across all the projects and do everything that was needed, which of course just resulted in work being late or inaccurate or not being done at all, because you can't have one person you know running across five projects and expect them to still do everything correctly. – Interviewee 2

"Funder focus" as a part of marketisation, describes the process of adjusting the same research proposals to the perceived expectations of different potential funders to increase the efficiency of applying for funding.

So, a lot of times we end up repackaging previous grants. So we recently submitted one to RJ

earlier this year and then Ellen and I will submit that or a repacking of that again to a different granting organisation in April. Just so that the odds of both of them funding the same project is quite small, but if you can maximise your reach. So, you submit your proposals to various organisations in the hopes that one will fund. – Interviewee 3

The last form of commercialisation that facilitated an increase in organisational efficiency is the utilisation of unused capacities that has been mentioned in the context of sustainability with the focus on the generation of income, whereas the focus here lies on the efficient use of resources.

We are also generating some income from…because we are a strong infrastructure so there are times when we are having a conference in June which is around the Middle East and we are doing the organisational part in that and as part of that money is then being transferred to us for our team to do that or what Erica does as a statistician, basically what's effectively consulting work for others in the department, which also then helps to support their salaries and their infrastructure. [...] because the thing about the infrastructure that we've developed is that we need it and we want it to always be there and strong, but we don't need it purely for GLD purposes every day of the week. – Interviewee 2

As described by the founder of GLD, the organisation is trying to efficiently manage their capacity by selling services such as event management and consulting to make use of the parts of the infrastructure that are not used on a daily basis, which helps to decrease organisational inefficiency.

4.2.3.3 Retention of organisational values

"Retention of organisational values" as the third identified theme, includes organisational effects such as alignment of demands and reinforced organisational values. Management as a form of commercialisation, in this context, contributes to the retention of organisational values by supporting the alignment of the different demands the organisation is facing.

So, even the way in which I structure the week is an attempt to use these practices to kind of, you know, find a balance and be able to reduce some of those tensions between the kind of that more academic demands and the demands that are made in terms of the organisation and management. – Interviewee 2

Through attributing certain days of the week to focus on the individual demands as part of the management approach, GLD can furthermore set priorities in alignment with the organisation's main goals, thereby supporting the retention of its values.

Off- and online marketing, as an aspect of marketisation, is another commercial activity that contributes to the retention of organisational values through the reinforcement of said values. By adjusting and defining the image GLD is trying to communicate externally, the

organisation also emphasises its values internally. The marketing aspect this is referring to is the rebranding of the organisation.

We will also be undergoing a rebranding before the end of the year to officially make ourselves a research institution instead of a research program [...] Us becoming an institute just makes it easier for people to understand what we do and for people to kind of find us a little bit more easily. – Interviewee 3

Yeah, so I mentioned that we're currently sort of undertaking kind of a name change. We will become GLD Institute as opposed to the program on GLD and part of that is to recognise that kind of institutionalisation and growth that we've already experienced and part of it is also to help set in place kind of future changes [...]. – Interviewee 2

The interview excerpt above also highlights that organisational values are not static and should reflect the development of the organisation, which however also reinforces the importance of clearly defining and communicating the values that reflect GLD at its current stage.

4.2.3.4 Misalignment of goals

The fourth theme, "Misalignment of goals", encompasses the organisational effects diverging expectations, as well as external requirements. One of the commercial activities that contributes to misalignments of goals is the practice of networking, as the collaboration with other researchers leads to a plethora of different expectations and requirements that can not be easily aligned, which becomes apparent through the following interview excerpts as a response to the question about the organisation's experience with collaborations.

But you know, it's never easy. Everybody has a different idea of what they want to do. Everybody decides that they want to do that thing instead of the thing they are supposed to be doing, which never really goes too well, I would say. – Interviewee 3

Yes, because everybody wants to do something different. And trying to get them all to agree on one goal is not easy. – Interviewee 2

The second form of commercialisation that contributes to a misalignment of goals is "funder focus" as an aspect of marketisation, here referring to adjusting organisational processes based on the desire to obtain funding, which is accompanied by external requirements that do not necessarily align with the organisation's goals.

[...] Sometimes Ellen gets distracted by the concept of money as opposed to the goal so there's a constant desire to be funded and that is consistent through academia. – Interviewee 3

[...] Ellen feels like she was pushed into projects that she normally wouldn't have wanted to do and now she wants to refocus on what she wants like the things that she actually wants to study. – Interviewee 3

4.2.3.5 Mission-level effects

"Mission-level effects", as the last theme, is based on decreasing mission drift, thereby having a positive effect on the pursuit of GLD's mission. The commercial activity that contributes to decreasing mission drift is strategic planning as an aspect of professionalisation. As GLD is predominantly dependent on external funding, which often comes in the form of short-term grants, obtaining future funding plays a prominent role in the organisation, which can divert the focus from the social mission. However, as stated during the interviews, strategic planning in the sense of clearly defining strategies and goals has helped to refocus on the social goals, thereby decreasing mission drift.

Yeah so that's been part of our future planning as a refocusing on our goals. And yes it's really important for us to keep that in mind as we're writing, because sometimes Ellen gets distracted by the concept of money as opposed to the goal so there's a constant desire to be funded and that is consistent through academia. – Interviewee 3

The importance of having clear strategic plans has also been mentioned at other points during the interviews; especially in the context of coping with external requirements. The clearer the organisational goals, the lower the risk of being pushed into projects that do not align with the overall mission, thereby decreasing mission drift and supporting the organisation in its pursuit of its social goals.

That's a part of this kind of future planning thing that we started doing; is Ellen feels like she was pushed into projects that she normally wouldn't have wanted to do and now she wants to refocus on what she wants like the things that she actually wants. - Interviewee 3

5. Discussion

5.1 Interpretation of findings

At first glance, the introduction of commercial activities into the nonprofit sector may seem contradictory and an impediment to the pursuit of organisations' social mission as they originate from the business world, where they are utilised to maximise profits. While the existing literature on nonprofit commercialisation provides many studies, offering evidence for both the positive as well as the negative consequences of commercialisation that need to be taken into consideration, the results of this research suggest that commercialisation harbours great potential for nonprofit organisations as an alternative approach to addressing organisational challenges and thereby supporting the pursuit of social goals (Ouimette et al., 2021; Battilana and Dorado, 2010; Do Adro et al., 2021; Moulick et al., 2020).

The analysis of the different forms of commercialisation that the chosen nonprofit organisations are currently utilising, answering the first sub-research question, has not only shown the variety of commercial tools available to nonprofit organisations, but also the adaptability of those tools that became apparent in how Focus Business School and GLD are utilising the same forms of commercialisation in different ways. While both organisations are using business-like rhetoric, as well as practices that fall into the categories of managerialisation, marketisation and the diversification of revenue streams, they differ in how they were implemented and with which intention. While Focus Business School is, for example, selling a service to respond to the challenge of resource restrictions, GLD uses this commercial activity as a response to organisational inefficiencies in the form of unused capacity. Similarly, both organisations are using professionalisation to improve their organisations' efficiency. However, while professionalisation at GLD refers to employing more permanent staff with clearly defined positions to increase the organisational stability, Focus Business School utilises professionalisation by moving from purely relying on volunteers to employing additional paid staff to increase the organisation's capacity. Although these differences are relatively small, they show to what extent commercial practices can be adapted to the organisations' needs. The identified forms of commercialisation correspond with the common forms presented by previous research. They do, however, provide a more extensive overview of commercialisation forms than existing studies and add further examples of how they are implemented in nonprofit organisations. Furthermore, this study identified additional aspects of certain forms of commercialisation such as decentralisation and depersonalisation as sub-categories of managerialisation, thereby contributing to a deeper understanding of this research area. Apart from differences in what commercial practices the organisations are using and how they are implemented, differences were also found in what meaning effects, within the same theme, have for the individual organisations.

Efficiency is one of the organisational effects that was identified in both cases and while in both organisations' efficiency occured in the form of increased organisational stability, Focus Business School's improvements in efficiency was more apparent externally in regards to their service delivery, while GLD's increase in efficiency was more visible in internal improvements concerning administrative and management processes. This observation seems to have a connection to the structure of the organisations. As GLD centres around its Gothenburg-based office as the core of the organisation from where all projects are coordinated, it seems logical that improvements in efficiency are of internal nature, whereas Focus Business School is less centralised with the focus on its individual organisational entities that are mainly locally and independently governed, minimising the number of internal processes in the organisation. Therefore, the overall organisational focus lies on the external processes of service delivery, where the improvements of efficiency occurred. Improvements in both internal and external efficiency through the use of commercial practices has also been found in previous studies. While commercialisation, according to Khieng and Dahles (2015), leads to improved governance and a better administrative system, Eikenberry and Kluver (2004) confirm the positive influence on the service provision and social value.

Another shared organisational effect is **economic sustainability**, occurring in the form of growth and depersonalisation in Focus Business School, while becoming apparent in the form of increased income, legitimacy and reach at GLD. As the former encompasses a multitude of individual schools that depend on the engagement of volunteers, growth is connected to an increase in human resources (volunteers) rather than financial growth, which facilitates the organisation's utilisation of a low-cost business model, thereby contributing to its economic sustainability. Closely related, Focus Business School's economic sustainability is affected by commercial practices in the form of depersonalisation, which also is reliant on volunteers and their ability to take over responsibility for the individual schools, which allows the organisation to grow based on increased capacity. In contrast to that, GLD's economic sustainability is based on increasing its financial means through improving its public image, both through increased reach and legitimacy, as it plays a crucial role in attracting funders, determining the chances of economic survival (Khieng and Dahles, 2015; Do Adro et al., 2021). Similarly, GLD is using commercial activities, such as selling a service, to gain additional, independent income to further contribute to economically sustain the organisation.

The difference of what the **retention of organisational values** entails in the two cases reflects the difference in the organisations' characteristics. While the retention of Focus Business School's values is connected to remaining (financially) independent, for GLD it is based on coping with the ramifications of the lack of independence by aligning internal and external demands that they are facing due to governmental as well as departmental regulations. While the findings from the case of Focus Business School in regards to the effect of increased independence as a result of commercialisation corresponds with existing literature stating that "Higher levels of commercial income can significantly contribute to an organization's self-sufficiency [...]" (Guo, 2006, p. 123), no previous studies could be found that address how commercialisation affects organisations that face further restrictions and regulations apart from financial dependence.

An increase in **resources**, especially in non-financial resources, is one of the organisational effects that has only been identified in reference to Focus Business School. In contrast to GLD, financial means play an inferior role in the organisation, thereby making the obtainment of other resources such as facilities and human resources more important, which is achieved through a variety of different commercial activities. The positive impact of commercial activities on the availability of financial, human and intangible resources such as knowledge are well-documented (Levine and Zahradnik, 2012; Moulick et al., 2020; Moody, 2008; Guo, 2006). Previous studies do however not address the effect of commercial activities on the access to tangible resources such as facilities or printing materials that has been identified in the case of Focus Business School.

An effect of commercialisation exclusive to GLD, on the other hand, is the **misalignment of goals** resulting from the mentioned-above regulations and the organisation's dependence on different external stakeholders, which is one of the main factors that distinguishes the two cases from each other. While the misalignment of goals as a commercialisation effect plays a

rather prominent role in existing literature, it seemed less significant in the context of this study and could only be identified in one of the organisations (Ouimette et al., 2021; Froelich, 1999; Fitzgerald and Shepherd, 2018; Weisbrod 2004). Furthermore, previous studies address how commercial and governmental influences affect the alignment with organisations' social goals individually, it has however not been shown how organisations are affected when they face both commercial and governmental influences that have to be aligned with the social goals.

Mission-level effects as the last theme and a relatively broad category, entails rather different effects for the individual organisations. While Focus Business School's mission is affected through an increase in impact and effectiveness, GLD's mission-level effect refers to a decrease in mission-drift, re-emphasising the different levels of independence of the two organisations that play a significant role. While there is only a limited number of mission-level effects, directly connected to certain forms of commercialisation that could be identified in the collected data, most of the organisational effects, especially resources, sustainability and efficiency, indirectly affect the organisations' mission by ensuring that the organisations have the means to pursue their social missions. The difficulties of clearly distinguishing between the organisational and the mission level may not only be connected to their interdependence, but also to the difficulties of measuring the intangible mission-level effects such as the degree to which an organisation creates social value or has an impact. This problem of measurement is well-documented in existing literature (Alexander, Brudney and Yang, 2010; Speckbacher, 2003).

The analysis of the effects of commercialisation identified both effects on the organisational, as well as on the mission-level, answering the two latter sub-research questions. While the identified effects correspond with the research results of previous studies, this analysis provides further insights by illustrating the connection between individual commercial activities and their specific effects. It furthermore highlights that there are multiple different forms of commercialisation that can be utilised to achieve the same organisational or mission-level effect. The comparison of the analysis of effects from both case studies shows that the use of the same commercial activity cannot only differ in its implementation, but may also result in different effects depending on the organisation. This furthermore leads to the assumption that other contextual factors such as the organisational characteristics or external requirements influence the effect of the different forms of commercialisation, which would however require further research to evaluate the extent of their influence.

An unexpected aspect of the findings is the clear prevalence of positive effects of the implementation of commercial activities, whereas the evidence of positive and negative outcomes in the literature is relatively balanced. The only identified undesirable effect is the misalignment of goals due to the involvement of external stakeholders, resulting from networking and the funder focus of GLD.

Another surprising observation is the fact that the interview participants were unaware of most forms of commercialisation they are currently using. When directly asked for the

commercial practices of their organisations, participants could only identify a small number of ways in which commercial activities are being utilised. Therefore, many of the commercial activities were identified by the researcher in the context of other questions, especially when participants were asked about how organisational challenges are currently being addressed and how the organisations are generating income. This unawareness may also contribute to the above-mentioned prevalence of positive commercialisation effects, as the organisations might simply be unaware of potential negative effects and how they are connected to commercialisation. As commercial activities were named in the context of addressing challenges or generating income, the positive effects arose from the context without the participant necessarily being aware of them. While actively encouraging interview participants towards thinking about potential negative effects, may have revealed some insights, it is rather unlikely that it would have had a significant influence on the overall ratio of negative and positive commercialisation effects, as significant undesirable effects would have probably been more present in the participants perception. Furthermore, it does not minimise the identified evidence of the positive effects of different forms of commercialisation.

5.2 Implications

A practical implication, based on the observation that organisations seem to be unaware of the commercial practices they are utilising, time should be invested to become more familiar with the concept of commercial activities to be able to make full use of the potential of commercialisation as an approach to addressing organisational challenges. Furthermore, by becoming more aware of the positive effects of certain commercialisation forms, organisations may also be able to use individual or combined forms more purposefully to achieve a specific desired outcome. However, potential negative outcomes of commercialisation should also be taken into consideration in an effort to prevent those undesirable effects by avoiding or adjusting certain commercial activities depending on the context.

5.3 Limitations

Despite thorough research and the in-depth analysis of the two case studies, this thesis is subject to certain limitations. A general limitation associated with qualitative research and thematic analysis is the influence of the researcher on the outcome of the data analysis due to subjective observations and interpretations, which negatively influence the replicability of results as well as the level of transparency (Bell, et al., 2018). Due to the limited extent of the research project, as well as time restrictions, this thesis could not evaluate all common forms of commercialisation, presented in the theory part, in regards to how they affect nonprofit organisations. The decision to not include social enterprises as the highest form of commercialisation is based on the large extent of existing literature and research in this field, which would have required an in-depth research project on its own, exceeding the extent of this thesis. Covering all common forms by adding other cases to this project would have provided a more holistic overview of how organisations are affected by the different forms of

commercialisation. It does however not impair the validity of the insights from the different forms that have been analysed. Another limitation results from the limited number of interviews per organisation, which is based on the relatively small size of the organisations and the limited number of employees who had the required organisational knowledge needed to answer the interview questions. While additional interviews would have provided alternative perspectives and potentially valuable information, the conducted interviews still offer sufficient data to draw conclusions from it and have been enriched with secondary data. Furthermore, it should be noted that the different forms of commercialisation do not operate in isolation. Therefore, other contextual factors may also contribute to a certain organisational effect, presented as an outcome of a specific form of commercialisation.

5.4 Recommendations for future research

Based on the aspects that have not been researched yet and the areas of nonprofit commercialisation this thesis could not cover, a relevant subject for future research could be factors that influence the extent of commercialisation effects to explore whether certain forms of commercialisation are more effective in some organisations than in others. Connected to this aspect is the question if and how the effectiveness of commercial activities in nonprofit organisations could be measured, considering that they originate from the for-profit sector that predominantly uses financial indicators as measures of effectiveness.

6. Conclusion

While there is a plethora of existing scientific studies agreeing on the most common reasons for and forms of commercialisation in the nonprofit sector, there is no consensus whether implementing commercial activities positively or negatively influences nonprofit organisations. Furthermore, the majority of existing literature addresses the general effects of commercialisation rather than the effects of individual commercial practices. Trying to fill this gap in the literature and shedding light on the different forms of commercial practices, this thesis explored the question of how different commercialisation forms affect nonprofit organisations. The results indicate that most commercial activities lead to effects that can be categorised into an increase in resources, efficiency, economic sustainability, as well as the retention of organisational values and positive mission-level effects, showing the potential of commercial practices to support nonprofit organisations. The research furthermore revealed organisations' lack of awareness of what role commercial practices play in their organisation. Therefore, nonprofit organisations should focus on gaining the knowledge and skills to utilise the potential of commercial practices in a way that supports the organisation in the pursuit of its social mission. If nonprofit organisations can align the commercial with the social logic, commercialisation could be a true blessing for the nonprofit sector.

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8. Appendix

8.1 Interview guide

Purpose

The purpose of my research is to investigate how the different forms of commercialisation* in nonprofit organisations influence the pursuit of their social mission.

Definitions

Commercialisation refers to organisations becoming more business-like by implementing practices from the for-profit sector.

Business practices refer to any activities that originate from the for-profit sector such as charging fees for services, selling products, implementing a certain management style, hiring professionals rather than volunteers, collaborating with businesses, etc.

Questions

1. Can you tell me a little bit about the organisation and about your role in it?

2. What are the challenges that your organisation is facing and which challenges in particular are you facing in your role?

3. How are these challenges addressed?
   a. The challenges faced by you
   b. The challenges faced by the organisation

4. Which activities/processes/structures/norms in your organisation are based on business practices*?

5. How do these business practices influence your organisation and its social mission?
   a. How did these business practices affect the challenges you mentioned?

6. How is your organisation generating income?

7. How are the income sources influencing your organisation and its social mission?

8. What kind of changes in your organisation are you expecting in the near future as a response to the challenges you have mentioned at the beginning?

9. Is there someone else in your organisation that you would recommend to talk to about this topic?