

Forging a Path to Growth: The Role of Strategic Planning in Non-Profit Organizational Success

Abstract

The growing complexity and unpredictability of the external environment in which Non-Profit Organizations (NPOs) operate have increasingly highlighted the need for formal management processes to ensure their effectiveness and long-term viability. The aim of this study is to assess the extent of strategic planning implementation at the Confraria of Santo António, a Private Institution of Social Solidarity (IPSS) in Portugal, evaluate the impact of this implementation on organizational effectiveness, and propose strategies to formalize the organization's strategic management process. Non-profit organizations, especially those in the social sector, play a critical role in addressing pressing social challenges. However, these organizations often face significant barriers, such as limited financial resources, environmental instability, and heightened competition. Among the most pressing challenges is the need for a sustainable management model that guarantees the continued delivery of services while adapting to external changes. Strategic planning has proven to be an effective tool in addressing these issues, as it enables organizations to define long-term goals, allocate resources efficiently, and measure success (Serra et al., 2010; Tucci & Roy, 2022). Despite its recognized value, many NPOs, including the Confraria of Santo António, fail to implement formal strategic planning, which weakens their capacity to respond effectively to these challenges (Fonseca, 2014).

This study follows a case study methodology, which allows for an in-depth examination of the practices and challenges faced by the organization (Yin, 2014). Given the research objectives, the approach is primarily qualitative, employing a combination of documentary analysis and semi-structured interviews. The documentary analysis involved a review of key institutional documents, including the organization's annual report and accounts, management reports, and any available strategic planning documents. This analysis helped establish the extent to which strategic planning was present in the organization and provided a baseline for the interviews that followed. The interviews were conducted with four key internal stakeholders at Confraria of Santo António: the Vice-President, the General Director, the Accountant, and the Technical Director. These individuals were selected due to their direct involvement in decision-making processes and their in-depth knowledge of the organization's operations. The semi-structured interview format allowed for flexibility in exploring key themes, such as the organization's approach to strategic planning, its sustainability, and its efforts to create social value. The data collected from the interviews was transcribed and analyzed using the Iramuteq software, which employs Descending

Hierarchical Classification (DHC) to identify patterns and categorize responses based on their lexical similarities (Sousa et al., 2020).

The analysis revealed several key findings regarding the implementation of strategic planning at Confraria of Santo António. First, it was determined that the organization does not have a formal, documented strategic plan. While the organization does engage in some informal planning and decision-making, these efforts are not systematically structured or aligned with long-term goals. As a result, the organization faces difficulties in responding to environmental changes, securing diverse funding sources, and managing its resources efficiently. Second, the study identified several strengths in the organization's current practices. These included a strong commitment to its social mission, a dedicated staff, and a long history of service provision. The organization has successfully addressed short-term challenges and provided quality services to its beneficiaries. However, the lack of a formal strategic plan means that these strengths are not always leveraged to their full potential, and the organization struggles to maintain long-term sustainability. Third, the research highlighted several weaknesses in the organization's current management practices. These include a reactive approach to problem-solving, limited capacity for long-term planning, and a lack of clear performance evaluation metrics. The organization's reliance on external funding sources, such as government subsidies, further exacerbates its vulnerability to external shocks. Additionally, the absence of a formal strategic plan limits the organization's ability to adapt to changes in the social and economic environment, making it difficult to achieve its long-term goals. The data also revealed a strong recognition among stakeholders of the need for strategic planning to improve organizational effectiveness. Key interviewees expressed support for the development of a Strategic Plan that would guide the organization's actions, help align its resources with its mission and ensure long-term sustainability.

In light of the above, this study makes several contributions to the field of strategic management in the third sector, with significant implications for theory, practice, and policy. From a theoretical point of view, the study provides empirical evidence of the challenges faced by NPOs that lack formal strategic planning, particularly within the social sector in Portugal. The findings highlight management deficits in many NPOs and the resulting negative impact on organizational performance, confirming earlier studies by Fonseca (2014) and Meneses (2012). Furthermore, the study emphasizes the critical role of strategic planning in enhancing organizational sustainability and effectiveness, reinforcing its significance as a strategic management tool, in alignment with the work of Tucci and Roy (2022).

Additionally, this research provides a case study of Confraria of Santo António, offering practical implications into how NPOs can overcome the barriers to strategic planning. The proposed Strategic Plan, which is presented as part of the study, serves as a framework for formalizing the

organization's management processes. The plan outlines specific steps for improving resource allocation, diversifying funding sources, and establishing performance evaluation mechanisms. The study also offers recommendations for fostering a culture of strategic thinking within the organization and ensuring that long-term goals are aligned with the organization's mission.

From a policy perspective, the study highlights the critical need for greater adoption of formal management tools in NPOs, especially in environments that demand flexibility and long-term vision. The findings suggest that policymakers should encourage and support the implementation of strategic planning in the third sector, as it is essential for ensuring the sustainability and effectiveness of NPOs in meeting social needs. By providing a strategic framework, this research also advocates for policy initiatives aimed at enhancing the capacity of NPOs to deal with dynamic external conditions effectively.

Keywords: non-profit organizations; strategic management; third sector; organizational effectiveness.

Track: Strategic Management (Gestión Estratégica).

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