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RESILIENCE AND ADAPTATION OF THIRD SECTOR ORGANIZATIONS (TSOs): INSIGHTS FROM A DEVELOPING ECONOMY

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ABSTRACT

This study investigates the resilience and adaptation strategies of Third Sector Organizations (TSOs) in Nigeria, employing a semi-structured interview methodology to explore how these entities navigate socio-economic challenges, particularly during the Covid-19 pandemic. The research highlights how TSOs integrate traditional and innovative strategies, including strategic capabilities, digital citizenship, cultural dynamics, and community engagement, to address and overcome adversities. Focusing on the resilience mechanisms within a Sub-Saharan African context, the study offers critical insights that enrich understanding and provide valuable information for TSOs, policymakers, and academics concerned with non-profit sector resilience in challenging environments.

INTRODUCTION

Third Sector Organizations (TSOs) play a vital role globally, addressing economic, social, cultural, and environmental challenges by leveraging their growing financial capabilities and commitment to values. Between 2001 and 2019, the financial assets of TSOs in the U.K.'s Northeast and Cumbria region surged from £35 billion to £60 billion, enhancing their societal influence. These organizations are integral to sustainable development, contributing significantly to poverty reduction, gender equality, and improved living standards. Despite their positive impact, TSOs face multifaceted challenges, such as resource scarcity, operational difficulties, and heightened demand from vulnerable communities. These challenges have led to the closure of over 1,000 TSOs in the U.K. from 2010 to 2021 and have particularly impacted TSOs managed by minority ethnic groups. The COVID-19 pandemic exacerbated these issues, with many TSOs experiencing significant income reductions and disruptions to their activities. A survey showed that a substantial number of TSOs lost a third of their income during the pandemic, threatening their continuity.

In Sub-Saharan Africa (SSA), where TSOs have historically been crucial in policy advocacy and development, the pandemic reversed significant achievements in community

healthcare and other sectors, pushing millions into extreme poverty and reducing per capita income significantly. Over 80% of SSA TSOs reported low adaptation capacity to pandemic disruptions, with many scaling back or halting their operations. This context underscores the critical need for research into the resilience and adaptation strategies of TSOs, especially in regions like SSA, where extreme poverty continues to challenge development and TSOs are essential for promoting substantial change. This research aims to fill the gap in understanding how TSOs maintain resilience and adapt during crises, a crucial inquiry given the ongoing challenges in SSA. Our research on TSO resilience during crises incorporates insights from resilience theory and network theory, exploring how TSOs manage financial, political, cultural, and economic challenges (You & Williams, 2023). We emphasize the importance of proactive adaptation and explore the interconnectedness of stakeholders, suggesting that collaborative networks can significantly enhance TSOs' ability to navigate crises effectively. Thus, our research seeks to address the critical question:

> *How do TSOs in SSA navigate uncertainty within their local context, and what unique strategies and influences contribute to their resilience during crises (e.g., Covid-19)?*

Our qualitative, interview-based study reveals how Nigerian TSOs navigate the COVID-19 crisis by employing strategic capabilities such as scenario planning, digital crowdfunding, maintaining flexibility in crisis mode, and enabling symbiotic alliances. These strategies also include remote volunteering and cultural adaptation, which are essential for operating amid institutional uncertainties. This research contributes new insights into TSO resilience within the emerging economy context of SSA, addressing a significant gap in the literature that has traditionally focused on TSOs in developed economies.

THEORETICAL FRAMEWORK

This research employs resilience and network theories to examine the resilience of TSOs in diverse and challenging environments. Resilience theory highlights how TSOs adapt to economic, political, and cultural diversity, focusing on adaptive responses and leveraging local resources and networks to sustain services. It underscores the value of integrating cultural norms, local knowledge, and community networks to enhance TSOs' adaptive capacities. Additionally, network theory provides insights into how TSOs utilize their networks to access essential resources such as funding, expertise, and information, thus building resilience in the face of social and economic turbulence. This theory also illustrates the role of TSOs as brokers in their networks, facilitating resource and information flow, which stimulates innovation and collective problem-solving, crucial for organizational resilience in weak institutional settings.

LITERATURE REVIEW

Organizational resilience is crucial for firms to thrive amid uncertainties like environmental disasters and economic crises. It involves planned and adaptive dimensions, where the former focuses on pre-crisis preparations, and the latter—highlighted in this study— addresses post-crisis adaptations (Walker et al., 2004). Crucial to adaptive resilience are internal and external collaboration, learning from past experiences, and effective leadership (Barasa et al., 2018). Moreover, Barasa et al. (2018) emphasizes the importance of 'software' elements like leadership over 'hardware' resources like finances. Similarly, Jia et al. (2020) note the significance of networks and emotional-cognitive resources in enhancing resilience.

Recent global crises, including COVID-19, natural disasters, and conflicts, have significantly strained human, environmental, and economic capacities. In 2023, the U.S. faced 24 severe climate events, causing substantial fatalities and economic losses. Similarly, the early conflicts in the Israeli-Palestine region resulted in significant casualties and displacement. These crises have particularly impacted TSOs, challenging their financial stability and operational capabilities. The pandemic reduced TSOs' income, with a reported average decline of 13% in real annual income, exacerbating challenges faced during the Great Recession. Additionally, TSOs struggled with human resource constraints as volunteering dropped sharply, and they faced increased demand for mental health and social welfare services due to the pandemic's broader social effects. Consequently, TSOs were forced to innovate and adapt strategically to navigate these multifaceted challenges.

The COVID-19 pandemic significantly disrupted the operations of TSOs, but it also catalyzed the adoption of digital technologies essential for their resilience and continuity. Technologies facilitated remote interactions through video calls, social media, and dedicated online platforms, ensuring compliance with social distancing regulations. TSOs leveraged digital tools like Zoom, WhatsApp, and Facebook for communication and community building, while telemedicine and "tele" social work processes enabled the continued provision of essential services. TSOs also used social media for crowdfunding, engaging donors through digital campaigns featuring social media influencers.

Collaboration emerged as another vital strategy during the pandemic. About 80% of U.S. foundations worked with other foundations, and over half collaborated with state and local governments, facilitating resource acquisition, knowledge exchange, and enhanced service provision. These partnerships helped TSOs navigate resource constraints and improve their operations despite the challenges posed by the pandemic. The integration of digital technology and strategic collaborations maintained and expanded the capabilities of TSOs, highlighting their adaptability and resilience in the face of unprecedented global challenges. These adaptations provided TSOs with the tools to survive and thrive, setting a foundation for ongoing resilience and innovation in service delivery amid and beyond the pandemic.

RESEARCH METHOD AND DATA

This study employs a qualitative, interview-based methodology to explore the resilience strategies of Nigerian TSOs during the Covid-19 pandemic, focusing on how they managed uncertainties within their environments. This approach aligns with prior research utilizing qualitative methodologies. We utilized a purposive sampling strategy to select participants with significant TSO management experience. We recruited 38 participants, ranging in age from 33 to 64 years and with managerial experience between 7 to 29 years, through three methods: direct email contacts via a researcher's network in the Rotary Club, LinkedIn outreach, and snowball sampling for broader access (Stokes et al., 2019). The final sample comprised top-level (76%) and middle-level (24%) managers, with 61% being women. Geographical diversity was ensured, with 57% based in Lagos, Nigeria's commercial centre, and the remainder operating elsewhere. This approach aligns with methodologies used in similar studies, providing a robust framework for exploring the adaptive mechanisms of TSOs under crisis conditions.

To collect data for this study, we conducted interviews using a semi-structured approach, given its prevalence and effectiveness in qualitative research. This method facilitates a dynamic exchange between the interviewer and participants, allowing for improvised follow-up questions to delve deeper into the subjects' experiences. An interview guide was prepared

and shared with participants to address ethical considerations and prepare them for the questions, ensuring informed consent and ethical compliance. The interviews were conducted over 17 months, from November 2021 to March 2023, with most occurring via Zoom (31 out of 38) and the remainder in person. After interviewing all 38 participants, the process concluded upon reaching saturation, as no new significant insights emerged from later interviews. Each session lasted between 40 and 85 minutes, averaging about 55 minutes. The interview guide included questions organized into three sections: organizational strategies, community engagement, and cultural sensitivity. These sections explored how TSOs managed operational continuity during uncertainties, engaged with communities to co-create resilient responses, and integrated cultural practices into their strategies to enhance resilience during crises.

We employed a dual-step process of pre-coding and coding to analyze interview data. Initially, we transcribed the audio recordings into text using Otter.ai, a digital transcription platform and made necessary corrections to ensure accuracy and familiarisation with the data. This resulted in 231 pages of transcribed text, which we then uploaded to NVivo, a qualitative data analysis software. NVivo facilitated the organization, sorting, and coding of the data to identify themes and patterns.

The coding process began with first-order coding or sub-categorization, where we utilized NVivo's "explore" and "word frequency" functions to create a word cloud, aiding in the initial categorization of data. This step helped identify broad themes such as strategic capabilities, digital citizenship, cultural dynamics, and community participation. In the subsequent phase, i.e., second-order coding or generic categorization, we reviewed, revised, and sometimes combined codes to align closely with our research objectives, following the guidelines in Gioia et al. (2013). This approach enabled us to discern how Nigerian TSOs manage uncertainties and build resilience by integrating themes such as adaptation, innovation, and digitalization.

FINDINGS AND DISCUSSION

Amidst financial strains and operational disruptions, TSOs employed scenario planning and risk management strategies to navigate the crisis effectively. Faced with financial constraints due to the lack of share capital and declining donations, TSOs were compelled to diversify their funding strategies. This included adopting crowdfunding initiatives and other digital financial solutions to build financial resilience. Moreover, the TSOs had to operate within strict regulatory frameworks, which, combined with the lack of adequate support structures in Nigeria, forced them to maintain high adaptability to crises (Bellante et al., 2018). Digitalization also emerged as a critical tool for adaptation and resilience. The pandemic accelerated the use of digital technologies as social distancing measures restricted traditional in-person activities, prompting TSOs to shift to online platforms for fundraising, volunteering, counselling, and educational seminars. This transition not only sustained essential services but also bridged the interaction gap between TSOs, donors, and beneficiaries.

Culturally, TSOs employ their deep understanding of local traditions and dynamics to build strong community relations. This was particularly evident in their collaboration with traditional chiefs and the integration of local cultural practices into healthcare delivery, such as using traditional counselling to promote vaccine uptake among hesitant communities. Community engagement was also pivotal, with TSOs employing participatory techniques to elicit community input and build projects that resonated with local needs. This approach enabled a sense of belonging and active participation among community members, enhancing the collaborative resilience of TSOs and their communities (Weber et al., 2023). Remote volunteering further supported TSO activities, ensuring an agile workforce capable of

continuing operations despite social distancing restrictions. These strategies underscored the innovative and adaptable responses of Nigerian TSOs to the complex challenges posed by the pandemic, highlighting their crucial role in societal support and development during crises.

STUDY CONTRIBUTIONS

This research contributes to the third sector literature by focusing on the resilience strategies of TSOs in Nigeria and broader sub-Saharan Africa, areas previously underexplored. It highlights how TSOs adopt culturally sensitive and innovative approaches during crises, such as trado-medical interventions, which are well-received due to cultural familiarity and effectiveness amidst scepticism towards conventional medical solutions like COVID-19 vaccines. Additionally, the study examines the collaboration between formal TSO efforts and informal support systems like family networks and community solidarity, which play a crucial role in resilience building and resource allocation during uncertainties. This synergy enhances our understanding of the dynamic, context-specific nature of resilience efforts in these regions.

This study utilizes resilience and network theories to analyze how TSOs in challenging institutional environments manage crises. It highlights the role of strategic capabilities like scenario planning and diversification of funding in enhancing organizational resilience, as supported by resilience theory (You & Williams, 2023). Additionally, it emphasizes the importance of cultural factors and indigenous knowledge in resilience strategies (Pratt, 2015). The study also explores how TSOs leverage networks, extending network theory to include cultural and community connections, which help form a 'network of reciprocity' vital for collective resilience during crises like COVID-19.

CONCLUSION

This qualitative study investigated how Nigerian TSOs adapted and enhanced resilience during the COVID-19 pandemic. We found that TSOs initially conducted thorough internal evaluations to understand their capacities, risks, and vulnerabilities, which is crucial for developing resilience. They anticipated potential issues through risk management and planned responses in collaboration with local community stakeholders. This study highlighted the importance of understanding cultural nuances to establish effective communication channels and foster substantial impacts in diverse local environments. Furthermore, TSOs engaged in proactive scenario planning and community collaboration, which is crucial for supporting and strengthening organizational and community resilience. These findings enrich the existing literature by offering insights into innovative resilience and adaptation strategies TSOs use during crises. However, the generalizability of these results might be limited due to the small sample size and the study's geographical focus, suggesting the need for further research across broader populations and additional aspects of TSO operations.

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