Non-profit organizations operate in a challenging environment. Specifically, the labor market situation and resulting income distribution of the population is problematic in many communities. Although the income disparity is smaller in Germany than in other countries (Mackintosh, 2013), it must be considered that there are some people who are working full-time, but still receive low wages. In 2010, 23% of the employed people received low wages and therefore needed additional money from the employment office to compensate for these low wages (Oechsner, 2012). The labor market situation affects the financial situation of the community in the sense that it has high social spending and lower revenues from income taxes. Consequently, the community may not have the capacity to support local organizations within the community. The purpose of this study is to examine whether and how community-level factors affect the mobilization of resources among non-profit organizations. The research is undertaken using the example of non-profit sport clubs in Germany. Germany is home to more than 91,000 sport clubs that are well spread throughout the country and have approximately 27 million memberships (German Olympic Sports Confederation, 2012). Sport clubs require various types of resources including human, financial, and infrastructure resources to provide their programs (Wicker & Breuer, 2011). Specifically, this study advances the following main research question: How do community-level factors affect the mobilization of human, infrastructure, and financial resources of non-profit sport clubs?

Previous research indicates that not only factors internal to the organization affect non-profit behavior, but also external factors. As conceptualized by Oliver (1991), organizations have to cope with various external pressures that affect their resource situation. Also, environmental factors like governmental influences and funding, shifts in social demography, and competition impact the behavior of non-profits (Chew & Osborne, 2009). Similar to non-profits in other industries, non-profit sport clubs are affected by institutional pressures, too (O’Brien & Slack, 2004). Specifically, the size of the community was found to be critical to organizational effectiveness (Koski, 1995; Wicker & Breuer, 2013). Moreover, Andreff (2006) conceptualized that there is a possible relationship between unemployment and voluntary work in the sense that unemployment could be reduced when sport organizations replace voluntary labor by paid labor. In summary, the literature has considered a few external influences, while the effect of community-level factors on the mobilization of resources has not yet been examined systematically.

The resource dependence theory (Pfeffer & Salancik, 1978) suggests that organizational resources and the environment are interrelated. Organizations seek resources from external stakeholders when they do not have the capacity to provide the resources themselves. Typically, organizations prefer internal over external resources because the reception of external resources may lead to increasing external pressures and decreasing autonomy of the organization (Wicker & Breuer, 2011). While external resources are considered problematic from a resource dependence perspective, the fact is that non-profit organizations in general (Rushton & Brooks, 2007) and specifically sport clubs are used to receiving external support (Heinemann, 1995). Research shows that half of the sport clubs in Germany would not break even without revenues from public subsidies (Breuer & Wicker, 2009) documenting the relevance of external support.

This research uses data from the Sport Development Report (Breuer & Wicker, 2011), a research project looking at the situation of German sport clubs. Every two years a nationwide online survey is conducted. All sport clubs that provided a valid email address to their federal state sports confederation are invited to take part in the survey. This study is based on data from the third wave in 2009 because community-level data are not fully available in subsequent years. In this wave, 63,468 clubs were invited to participate in the survey. Due to drop outs (mainly invalid email addresses), the sample was adjusted to 58,069 clubs. Altogether, n=19,345 clubs participated in the survey (response rate: 33.3%). The clubs in the sample are located in n=3153 different communities.
The mobilization of human, infrastructure, and financial resources is operationalized with eight variables. Four variables capture the perceived severity of organizational problems (assessed on five-point scales); these are the recruitment and retention of (1) members and (2) volunteers, (3) the availability of sport facilities, and (4) the financial situation of the club. The four financial measures are (1) logged total revenues per member, (2) break even (1=yes), (3) share of subsidies of the total revenues, and (4) share of commercial income. The community-level factors are number of inhabitants (proxies market size), number of unemployed people per inhabitant (proxies labor market situation), break even (i.e., whether the community could at least break in the previous household year), and revenues from income taxes (proxies wealth of inhabitants). On the organizational level, controls for organizational capacity such as number of members, voluntary engagement, secondary volunteers, paid staff, public facilities, own facilities, and strategy policy are included in the analysis because they may also affect the mobilization of resources (Wicker & Breuer, 2013).

For the statistical analysis the hierarchical (or nested) structure of the data must be considered, i.e., sport clubs are nested within communities. Thus, sport clubs located in the same community share the same community-level characteristics. The adequate statistical procedure to analyze hierarchical (nested) data is the multi-level analysis (also referred to as hierarchical linear model; HLM). Following Tabachnick and Fidell (2007, p. 782), “analyzing data organized into hierarchies as if they are all on the same level leads to both interpretational and statistical errors”. One of the common errors of interpretation is referred to as the ecological fallacy, i.e., applying higher level results to the lower level (Tabachnick & Fidell, 2007). In this study, a hierarchical non-linear model is run for the dependent dummy variable break even, while hierarchical linear models are run for the other seven dependent variables. Fixed-effects models with robust standard errors are reported.

The results of the multi-level models show that organizational problems and financial measures are significantly affected by community-level factors. While unemployment increases membership problems, it decreases volunteer problems. This finding is in line with Andreff (2006) suggesting that unemployment and voluntary work are correlated. Facility problems are bigger in large communities, while high revenues from income taxes significantly reduce those problems. The clubs’ financial situation is perceived as significantly more severe by clubs in large communities with high unemployment, although these clubs generate more revenues. Interestingly, clubs located in communities that could at least break even in the previous household year are also more likely to break even. The share of subsidies is significantly higher for clubs located in small communities that have high unemployment and could break even. The share of commercial income is significantly higher among clubs located in small communities that are characterized by low unemployment and high revenues from income taxes. The R²s indicate that factors from both levels are equally important to explain the variation in resource mobilization among clubs. The highest shares of explained variance are obtained in the logged revenues model, where community-level factors explain 45.1% of the variance and organizational factors 45.4%. The finding that community-level factors equally affect the clubs’ situation should be recognized by policy makers. It may not be sufficient to support organizations when the financial and employment situation in the community is problematic.