COVID-19 Impacts on Border Community Organizations

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The COVID-19 pandemic massively affected the nonprofit sector. This article explores how the crisis has impacted nonprofit organizations at a U.S.–Mexico border community with a large population of minorities and migrants. Guided by resource dependency theory and the nonprofit capacity building framework, surveys reveal that nonprofits with less financial support from the government sector, low leadership, and weak operational capacities receive critical impacts from the pandemic. The findings also show that local nonprofits are bonded closely to the community during the pandemic, which reflects the collectivistic culture in Hispanic/Latino communities. This study provides important insights on how local nonprofits with limited resources and an increase in demand from vulnerable populations struggled with the pandemic.

Keywords: Nonprofits in Border Community, Nonprofit Capacity, Resource Dependence, COVID-19 Pandemic

Introduction

The COVID-19 crisis has disrupted procedures, operations, and resource allocation for many businesses, government agencies, and nonprofit organizations. The U.S.–Mexico border region (hereafter border community) emerged into the national spotlight during the pandemic as the community consists of a high number of minority and migrant workers who usually suffer from inequities in income, health care access, and other essential needs. A recent study from the Pew Research Center (Gramlich & Scheller, 2021) showed that since the COVID-19 outbreak, many minority and migrant workers were met with challenges of living in a border community, including physical distancing and access to health care, leading to high numbers of infections, hospitalizations, and deaths. Local nonprofits working in border communities also faced challenges, as they were forced to quickly cease operations to respond to the public health order.

Prior to the pandemic onset, health and human service nonprofits in particular were already overwhelmed with work in border communities, as the region has a great need for services related to immigration, health insurance, higher education, and poverty (Loomis et al., 2019). Texas Health and Human Services (2021) showed that there are 29.3% of the population living below the poverty line in border areas compared with 15.9% population of the population in non-border areas; and there are 46.1% of adults (age 18–64) with no health insurance in border communities, compared to 28.3% in non-border communities.

Previous studies show that during major crises, it can be a challenge for local government and nonprofit organizations to help vulnerable populations in border communities due to language barriers, financial challenges, and social isolation (Loomis et al., 2019). Many nonprofit

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organizations, particularly those that handle immigration issues, public health, and child services, are not fully prepared with sufficient capacities to address needs (Mason & Fiocco, 2017). The ongoing pandemic has placed additional burdens on nonprofits in the South Texas border communities.

This study aims to evaluate the challenges that local nonprofit organizations have been met with during the pandemic in a border community in South Texas. It seeks to understand how COVID-19 affected nonprofits in a minority and migrant community with limited resources and support. Last, this study considers how several capacity factors, such as having an active board, conducting regular performance measurement, and community engagement, help nonprofit organizations survive a major health and economic crisis.

Nonprofit organizations have varying needs and priorities, making their response to crises unique from public agencies and private businesses. Previous studies have shown that nonprofit organizations with strong capacities and leaders who are sensitive to the changing environment can react quickly during crises (Gilstrap et al., 2016; Raffo et al., 2016). In contrast, for some small nonprofits, with less sustainable resources and capacities, it can be difficult to deliver services effectively during a major crisis (Carman & Fredericks, 2010). Although no standardized scale for 'nonprofit size' exists, categories provided by several institutions, including the National Center for Charitable Statistics, IRS's Tax Stas area, and the Nonprofit Times, nonprofits whose total assets or revenues are less than $100,000 can be considered small (Hallman, 2014). Many of them also rely on unstable external funding sources, which increase risks when unexpected changes happen in the environment (Knox & Wang, 2016).

Nonprofit leaders advise that organizations need to take on proactive roles using their capacities to collect all possible resources and survive during disasters (Canady, 2020). The current pandemic tested these nonprofit organizations' capacities in operations under turbulence. This can be challenging to small nonprofit organizations, which have relatively less capacities and resources compared to organizations with higher revenue. The recent Texas Nonprofit Leaders' COVID-19 Impact Report (Built For Texas, 2020) revealed that nonprofits led by people of color with less than $100,000 revenue have been hit hardest by the pandemic. Similarly, research being conducted in Puerto Rico (Chandrasekhar et al., 2021) and in New Orleans (Hutton et al., 2021) have also found that small nonprofits with less recovery capacities are facing more struggles post-disaster. Furthermore, although nonprofits have received some federal and community aid through community foundations in the pandemic (Azevedo et al., 2022), government agencies have not allocated sufficient support to these organizations, particularly ones in border communities with a higher number of vulnerable populations. The Tracking Accountability in Government Grants System (2021) shows that although Texas received $12.33 billion (as of September 2021) funding from the federal system, most financial resources flowed into the metropolitan areas, such as Austin, Dallas, and Houston. Border communities, like El Paso, Laredo, and Del Rio, received significantly less federal assistance.

How can nonprofit organizations serving border communities with limited resources improve their capacities to survive during the pandemic and post-pandemic period? To answer this question, the study first examines how the pandemic has impacted local nonprofits in a U.S.–Mexico community. The study is informed by literature on nonprofit capacity and guided by resource dependency theory to explore several capacity factors, which are associated with the overall effect and the financial pressure on these nonprofit sectors during the crisis. Based on the analysis, this study finds that the community itself is supportive and many nonprofit organizations received help from community foundations.

The findings of this study contribute to the empirical literature on nonprofit capacity building. First, this study extends the inquiry of the importance of capacity building for nonprofit

organizations' response to significant economic, social, and political disruption brought by large-scale health and economic crises like the COVID-19 pandemic. The study identifies several capacity factors, such as active board, regular performance measurement, and community engagement, which helps nonprofit organizations remain sustainable through unstable financial conditions. Secondly, the study also reveals the need for increased capacity building in nonprofit sectors, particularly in border communities. Previous studies have offered practical suggestions for nonprofit capacity building; however, few have focused on border communities, which serve highly vulnerable populations and Hispanic/Latino groups.

This study aims to shed light on nonprofit capacity development and resistance to critical crises in minority and migrant communities with increased vulnerable populations, who often require additional resources. In the following sections, resource dependency theory and a capacity building framework are proposed to examine the research question. The study then conducts quantitative analysis in a sample of local nonprofits from a U.S.−Mexican border community in Texas. Findings suggest the increased need for local nonprofit organizations serving minority and migrant communities to develop emergency management and contingency plans.

Literature Review

Resource Dependency Theory in Nonprofit Management

Resource dependency theory is often used as a platform for discussing nonprofit organizations' survival and performance (Hodge & Piccolo, 2005; Miller-Millesen, 2003). The theory was first introduced by Pfeffer and Salancik (1978) to explain how an organization's survival depends on resources from different institutions. According to Pfeffer and Salancik (1978), "The key to organizational survival is the ability to acquire and maintain resources" (p. 2). However, resources are not always available, stable, or sufficient, particularly in crises. To avoid these problems, organizations seek other resources to merge with for gaining resources and reducing uncertainty (Hillman et al., 2009; Pfeffer & Salancik, 1978). Organizations have a higher chance to survive, achieve their missions, and obtain stability by receiving external resources successfully. On the other hand, these organizations open themselves to vulnerability via influence and control by the ones they depend on (Malatesta & Smith, 2014; Pfeffer & Salancik, 1978).

Several empirical studies have defined 'resources' differently depending on an organization's mission. For example, some private firms consider certain knowledge or equipment as a valuable resource (Schroeder et al., 2002). Others may seek political mechanisms as resources to depend on (Hillman et al., 2009; Meznar & Nigh, 1995). For nonprofit organizations, the primary need is often revenue and financial sustainability. Revenue sources come from private contributions (individual donations, foundation grants, corporate gifts), government grants, and nonprofit commercial activities (membership fees, sale of products and service, government contract) (Bigelow & Stone, 1995; Froelich, 1999; Hodge & Piccolo, 2005). By obtaining various resources, nonprofit organizations create a different level of dependency with each external entity (Brooks, 2000; Hodge & Piccolo, 2005). Based on resource dependency theory, diverse revenue streams can bring both opportunities and risks to nonprofit organizations.

Government funding is often critical to nonprofit survival (Doyle et al., 2016; Froelich, 1999). Compared with other types of resources, government funding programs like grants are more sustainable. Many struggling nonprofits adjust their strategies to focus more on government funding. The National Council of Nonprofits found that in 2019, for every dollar of nonprofit revenue, 31.8 cents come from government grants or contracts (National Council of Nonprofits, 2019). While obtaining a stable resource is attractive, scholars also warn that this

dependency can put nonprofit organizations into a "subsidy trap" (Brooks, 2000, p. 451), which allows too much government control, which increases bureaucratic pressures to influence mission drift or unnecessary operational changes (Doyle et al., 2016; Hodge & Piccolo, 2005). Nevertheless, obtaining resources from government agencies helps to establish nonprofit organizations' accountability, since government agencies request formal reports to monitor and manage the effective usage of grant money (Carman, 2009; Doyle et al., 2016). Appropriate financial assistance from government agencies brings substantial support to nonprofit survival and development (Doyle et al., 2016; Gazley, 2008; Salamon et al., 2009). For instance, Lecy and Van Slyke (2013) found that government grants lead nonprofit organizations to a more sustainable development and expansion, which increase the organizations' long-term sustainability. Compared with other funding sources, such as individual contributions or private foundations, government support may provide nonprofit organizations a larger positive effect (Lecy & Van Slyke, 2013). Therefore, this study has the first hypothesis that:

> Hypothesis 1: Nonprofit organizations with more grants from governments will be less impacted by the pandemic.

Private contributions, like individual donations or foundation grants, are also important resources that nonprofit organizations depend on. Nonprofit organizations usually have more flexibility to manage resources from private contributions, since it does not require strict performance and outcome reporting mandates (Hodge & Piccolo, 2005). On the other hand, foundations are also willing to develop an interdependent relationship with nonprofit organizations. Ostrander and Schervish (1990) argue that foundations depend on recipients for the moral, social, and normative values of their existence. Fairfield and Wing (2008) also observe that nonprofit organizations have their own influence and their own set of resources to offer back to foundations. This interdependent relationship suggests that nonprofit organizations tend to have a closer connection with foundations, especially if they are from the same community. The Foundation Center (2008) reported that during the financial crisis of 2008 foundations' contributions to nonprofit sectors remained stable (Delfin Jr. & Tang, 2008; Joseph, 2011). A survey of U.S. environmental nonprofit organizations found out that foundation support had a beneficial impact on their operation and performance (Delfin Jr. & Tang, 2008). Salamon et al. (2009) also learned that many nonprofit organizations would actively seek cooperation with community foundations to resist the major fiscal crisis. Recently, Azevedo et al. (2022) noticed that community foundations played a pivotal role in COVID-19 funding within communities. For these reasons, the second hypothesis is developed:

> Hypothesis 2: Nonprofit organizations that have received more grants from community foundations will be less impacted by the pandemic.

Nonprofit Capacity and Survival in Major Crisis

Organization capacity is a set of abilities which enables organizations to develop, sustain, and improve the delivery of a mission (Cairns et al., 2005; Linnell, 2003). In the nonprofit context, this set of abilities involves skills, resources, and functions across multiple domains, such as performance evaluation, strategic management, employee training, and community engagement (Bryan, 2019; Despard, 2017; Doherty et al., 2014; McKinsey & Company, 2001; Minzner et al., 2014). Specifically, scholars proposed a conceptual model of reviewing nonprofit organizations' capacity in different domains: Leadership capacity, which inspire, oversee, manage, and innovate the organization's development; Management/Operational capacity, which ensure organizations run effectively and efficiently; Adaptive capacity, which help organizations to handle both the internal and external environmental changes (Despard, 2017; Marguerite Casey Foundation, 2012; McKinsey & Company, 2001).

Based on the conceptual model, each domain in nonprofit capacity plays an important role in daily operations and sustainability during critical times (Despard, 2017; Kapucu et al., 2011). Bryan (2019) also argues that nonprofit capacity can greatly influence organizational effectiveness, such as goal attainment, system resources, and multiple constituencies. In the domain of leadership capacity, an active board with professional skills and high involvement helps nonprofits receive more resources and reduce vulnerability when faced with fierce competition (Hodge & Piccolo, 2005). Bryan (2019) discussed that board members belong to nonprofit's acquiring system resources, which reflects an organization's capacity and helps to minimize environmental uncertainty. LeRoux and Wright (2010) also find that nonprofit directors' professionalism has a positive effect on nonprofit organizations' performance. It should be noted that the nonprofit board also influences an organization's strategies on management and operation. Active boards with strong commitment and experience attempt to use several strategic tools, such as performance measurement plans, emergency management tactics, and engagement with the community through rapid changes (Never, 2011). The Nonprofit Institute at the University of San Diego (2020) provides five suggestions for nonprofit boards during the recent crisis: 1) Reaffirm the board's duty of care; 2) Identify the primary risks facing the organization; 3) Allow the board to communicate transparently; 4) Coordinate with the larger community; and 5) Keep the organization's long-term mission at the forefront. In short, if a nonprofit board can still actively maintain these governance responsibilities, it can help the organization to better handle a major crisis, which leads to hypothesis 3:

> Hypothesis 3: Nonprofit organizations with active boards will be less impacted by the pandemic.

Strong leadership strategically guides nonprofit organizations based on the mission statement. Nevertheless, leaders also need important tools to ensure the effectiveness of operations in their organizations. The performance measurement system is one of the most important tools that nonprofit organizations should be equipped with, especially with an increasing pressure to demonstrate their accountability to government and the public (Selden & Sowa, 2011). Performance measurement, as one important operational support in nonprofit management, can reflect an organization's baseline capacity (Bryan, 2019). Performance measurement helps nonprofits to monitor and observe their programs and produce relevant information to strengthen management and information decision-making, especially facing uncertain environments (Poister, 2008). For example, scholars found that if a nonprofit organization conducts regular performance measurement with a formal written plan, it could improve its accountability of using resources and the effectiveness of service delivery (Benjamin, 2010; LeRoux & Wright, 2010). In Carman and Fredericks' study (2010), 67% of nonprofits in their survey reported that they measured their organizations' performance by checking if they met program goals and objectives; 71% reported that they focused on measuring the financial expenditures related to program activities. Therefore, the formal measurement plan should target data collection related to outcomes, such as program expenditures, community impact, and mission achievements (Carman & Fredericks, 2010; LeRoux & Wright, 2010). In return, this helps to attract more funding from government and private foundation sources, which provides a higher chance of survival to nonprofits during a changing environment (Carnochan et al., 2014). Therefore, this study develops the following hypothesis:

> Hypothesis 4: Nonprofit organizations that conduct regular performance measurements will be less impacted by the pandemic.

An organization's adaptive capacity is correlated to the organization's engagement with the legitimized community (Besel et al., 2011). Several studies find that a nonprofit organization's sustainability is often influenced by formal and informal relationships within the community's network (Bowen et al., 2010; Bryson et al., 2001). Nonprofit organizations have more power,

especially during crises, if they are more visible and established in their communities (Pfeffer & Leong, 1977; Provan et al., 1980; Raffo et al., 2016). From a resource perspective, an active nonprofit in the local community can strengthen its capacity to engage with multiple constituencies (Bryan, 2019). A proactive community engagement needs both the organization and the community to interact in a two-way manner (Foo, 2007; O'Regan & Oster, 2000). The nonprofit organization provides services to their local communities, while they also receive feedback and input from their local communities. This active engagement increases legitimacy for nonprofit organizations (Carey et al., 2007; Morsing, 2006). With the discussion above, this leads to the final hypothesis:

> Hypothesis 5: Nonprofit organizations that actively engage with their local community will be less impacted by the COVID-19 pandemic.

Method

Sample

The sample in this study comes from two major sources. First, the study uses the GuideStar Premium database to identify 501(c)(3) nonprofit organizations in a Texas border town. The primary search shows that there are 324 nonprofit organizations under the 501(c)(3) public charity category in the database. This search excluded revoked organizations, which failed to file 990 forms for three consecutive years and organizations with zero assessments or growth receipts. These excluded organizations are usually run by volunteers with low capacities, and they may not have the capacity to conduct a formal measurement on their organizations' performance; their boards would only assemble when there were special events in the community; and the boards do not meet regularly, seek to fund strategically, or represent the organizations actively in the community. Since their budget and assessment are usually zero, the financial impact by the pandemic will not be clearly reflected. In addition, the sample excluded defunct or merged organizations. Many of these organizations were not active or no longer exist in the local community. As a result, this yielded 107 organizations qualified in the sample.

An online survey was designed to test the research questions for this study. The survey was first piloted in a small group with three nonprofit management researchers and two nonprofit board members at the beginning of May 2020. They ensured the questions were clearly articulated, and the response options were relevant. After receiving feedback from the pilot survey, a modified online survey was distributed to all qualified nonprofit organizations' executive directors from June to August 2020. Two rounds of follow-up reminders were sent after the initial email. This resulted in a total of 50 valid responses, with a response rate of 46.73%. The surveys were sent out during the pandemic, which may have impacted the response rate. Nevertheless, to make sure the sample is representative of border communities, this study ensured the data matched the Texas border areas in general.

According to the Texas Department of State Health Services (2022), the border areas in Texas includes the 32 counties (see Note 1), which are adjacent to the international boundaries between the U.S. and Mexico. Table 1 shows the scope of the nonprofits in the sample compared with all the registered nonprofits with the specific NTEE code in the Texas border area. With the small number of respondents, the sample covered almost all types of nonprofit organizations except the International, Foreign Affairs category. However, in the Texas border area, this type of nonprofit organization only accounts for 1.6% of the total. In some categories, it looks like the sample covers a slightly different percentage of the organizations, such as Environment and Animals and Education and the Health, but the differences were not meaningful. Overall, the sample is consistent with nonprofits in other Texas border communities, which shows the sample is representative.

Table 1. Scope of Nonprofit Organizations in the Sample Compared to Nonprofits in the Texas Border Area

Categories	NTEE Code	Texas Border Nonprofits (2021)	Number in the Sample (%)	Number from Respondents
Arts, Culture, and Humanities	A	267 (6.8%)	10 (9.3%)	7 (14.0%)
Education	B	560 (14.2%)	14 (13.1%)	4 (8.0%)
Environment and Animals	C, D	197 (5.0%)	3 (2.8%)	4 (8.0%)
Health	E, F, G, H	272 (6.9%)	14 (13.1%)	9 (18.0%)
Human Services	I, J, K, L, M, N, O, P	1,118 (28.4%)	39 (36.4%)	17 (34.0%)
International, Foreign Affairs	Q	62 (1.6%)	4 (3.7%)	0 (0.0%)
Public, Societal Benefit	R, S, T, U, V, W	498 (12.7%)	9 (8.4%)	4 (7.0%)
Religion Related	X	914 (23.2%)	12 (11.2%)	4 (7.0%)
Mutual/Membership Benefit	Y	35 (0.8%)	1 (0.9%)	1 (2.0%)
Unknown, Unclassified	Z	13 (0.3%)	1 (0.9%)	0 (0.0%)
Total		3,936	107	50

Dependent Variables

The dependent variables in all of the hypotheses are to understand how COVID-19 has affected local nonprofit organizations in the border community. In the survey (see Appendix I), it asked organizations, "How much has the COVID-19 pandemic affect your organization so far?", using a 5-point Likert scale. While the pandemic has dominated the nation, many research centers use similar measurement scales to explore the COVID-19 impact on nonprofit sectors. For example, in a study focusing on San Diego nonprofits during the pandemic, scholars asked the organizations to identify their services disruption by suing a 5-point Likert scale (Deitrick et al., 2020). Similarly, a report on Texas Nonprofit Leaders' COVID Impact also used a 3-point Likert scale to assess the level of challenges that they have met (Built for Texas, 2020). While the COVID-19 pandemic is a unique health crisis that many sectors have never experienced before, it is appropriate to evaluate the impact by using this ordered scale.

Some other studies also show that under unstable environments, many nonprofit organizations immediately face financial challenges (Kim & Mason, 2020). In Deitrick et al.'s (2020) work, many nonprofit leaders expressed concern on a decline in their financial resources. In addition, the Texas Nonprofit Leaders' COVID Impact Report revealed that nonprofits serving communities of color and low-income households faced the most financial pressure (Built for Texas, 2020). Based on these preliminary findings, it is interesting to learn how the pandemic hit nonprofits financially in a border community with a high number of Hispanic/Latino populations living in low-income households. Thus, the study also explored the sample organizations' financial pressure by asking the executive directors to estimate the percentage of revenue loss that they would confront by the end of 2020. Furthermore, to understand how nonprofit organizations were specifically influenced by the pandemic, the survey provided an open-ended question (see Appendix I) asking the organization to describe the challenges they have faced. The findings section provides detailed results from the survey.

Independent Variables

To understand how COVID-19 has influenced local nonprofits in border communities, this study considered several independent variables. The first aims to understand nonprofit organizations' dependency on government resources. In the survey, one question asked the participating organizations to indicate the number of grants that they have received from all levels of government agencies in the fiscal year of 2019. In addition, the study also asked the organizations to reveal the number of grants that they have received from local community foundations.

Next, the study included several factors to study if organizations' capacity is correlated to the impact from the pandemic. The first one is assessing the board members' involvement. The Marguerite Casey Foundation (MCF) (2012) developed four levels to measure board involvement and support. Level one indicates that the board provides little direction, support, and accountabilities to the organization, while level four indicates that the board is engaged as a strong strategic resource. At a higher level of involvement, board members shared commitment, and valued collective wisdom. This four-level measurement applies to general board involvement in a nonprofit organization. The COVID-19 context may require the board to take additional specific actions in response to the crisis.

The Nonprofit Institute at the University of San Diego (2020) suggested that nonprofit board should take the following actions during the pandemic: 1) Reaffirm your duty to the organization during board meetings; 2) Actively reach out to donors; 3) Discus and identify current risks that the organization faces during board meetings; 4) Actively coordinate with the local community; and 5) Ensure the organization continuously moves toward the mission. Therefore, this study designed a survey question asking which actions each nonprofit had taken since the pandemic onset. The respondent could choose up to five actions of board involvement. An index was created based on the participants' responses. The board, who took one or no listed actions due to the extreme difficulties, were categorized as low activity; the board who took 2−3 actions were categorized as medium; and the board who took 4−5 actions were categorized as high.

According to Despard (2017), it is challenging to measure nonprofits' capacity, especially related to management and operational aspects. Previously, the MCF has developed 20 items to measure a nonprofit's management capacity. Despard (2017) argued that some of these items are overlapping, and some do not apply to all types of nonprofit organizations. Therefore, for the management capacity, this study asked if the participating organizations had a formal written measurement plan, which they conducted regularly.

Last, the survey asked the participants to select how they engaged with the community during the pandemic. The Abt Associates & Branch Associates (2009) developed a set of items to assess nonprofits' community engagement. These items include: 1) Providing public services to the community; 2) Using a website or social media to raise awareness; 3) Looking for partnership or stakeholders from the local community; 4) Mobilizing and motivating the public in the community. The institution also learned that most nonprofits utilized at least two items to engage with the community. Because this study was conducted during the ongoing COVID-19 pandemic, this set of items was adopted and adjusted to fit the current situation.

A separate question asked if the organization: 1) Actively solicited donations from the local community; 2) Actively assisted the community by offering more services; 3) Kept updating their websites and social media; 4) Shared the credited sources about COVID-19 in the community; and 5) Sent emails about their reactions to their stakeholders. The organizations with one or no reaction to the community were categorized as low engagement; organizations with 2−3 reactions were categorized as medium engagement, and the organizations with 4−5 reactions were categorized as high engagement.

In addition to the factors pulled from the literature review, the study also added one more factor of survey respondents, which correlated to the impact level of the pandemic to the specific organization. Research shows that different sizes of nonprofit organizations may experience critical events and economic uncertainties differently (Joseph, 2011; Salamon et al., 2009). Researchers employed varied estimates to measure nonprofit organizations' size (Jaskyte, 2013). Both revenue and assets are commonly used to determine nonprofit organizations' size. However, Carroll & Stater (2009) argued that nonprofit organizations are particularly subject to resource dependency, and as a result, revenue could greatly impact nonprofit organizations' structures and financial health.

During the 2008 economic crisis, one study showed that mid-sized (revenue between \$500,000 to \$3 million) organizations met the most challenges (Salamon et al., 2009). Maher et al. (2020) also found that nonprofits with smaller revenue had more doubts about their financial capacity and were struggling with regard to operations. In this study, revenue is used to reflect local nonprofits' size, and it is considered as a control variable. To collect the revenue data, participating organizations' 990 Forms were considered (year 2019). If one organization's data was not available for 2019, the previous year's data was selected in the database. Overall, no revenue data was earlier than 2017 in this study.

Linear and Ordinal Logistic Regressions

To appropriately analyze the data, this study utilizes an ordinal logistic regression model. This model provides stable parameter estimates with smaller confidence intervals (Harrell Jr., 2015; Norris et al., 2006). For the second dependent variable, all respondents estimated the percentage of revenue lost in fiscal year 2020. Since this variable is continuous, a linear regression is implemented. The sample size (N=50) is relatively small in this study. Several studies argued that although the sample size (N=50) is relatively small, the research shows that if a minimal sample size (N=25) is met, regression analysis can still be utilized (Jenkins & Quintana-Ascencio, 2020). Barlett et al. (2001) suggested that in regression analysis, the "ratio of observations to independent variables should not fall below five" (p. 48). Therefore, with the sample size (N=50), the regression model includes five independent variables and one control variable. This ensures that the regression analysis will avoid the reproducibility problem. The primary purpose of using the regression analysis is to explore the possible links among the variables, rather than to justify any causal relationships. The study also checked to ensure all assumptions of the ordinal logistic regression assumptions before conducting the final analysis. The next section presents the study findings.

Findings

Descriptive Findings

Table 2 presents the descriptive findings in this study. Results show that many local nonprofit organizations in border communities have been greatly affected by the pandemic. By using a 5-point Likert scale, 55.1% of respondents indicated that they have been extremely impacted; 24.5% indicated that they have been greatly impacted; about 20.4% indicated that they have moderate or less impact. All organizations in the sample reported that the COVID-19 pandemic impacted them to some extent. The survey also provided an open space to let organizations explain the specific impacts that they had been met with since the beginning of the pandemic.

Figure 1 demonstrates some common challenges that local nonprofits had met during this major health crisis in the border community. In general, organizations stated that cancelling scheduled fundraising events was their biggest concern. Many of them believed that this would
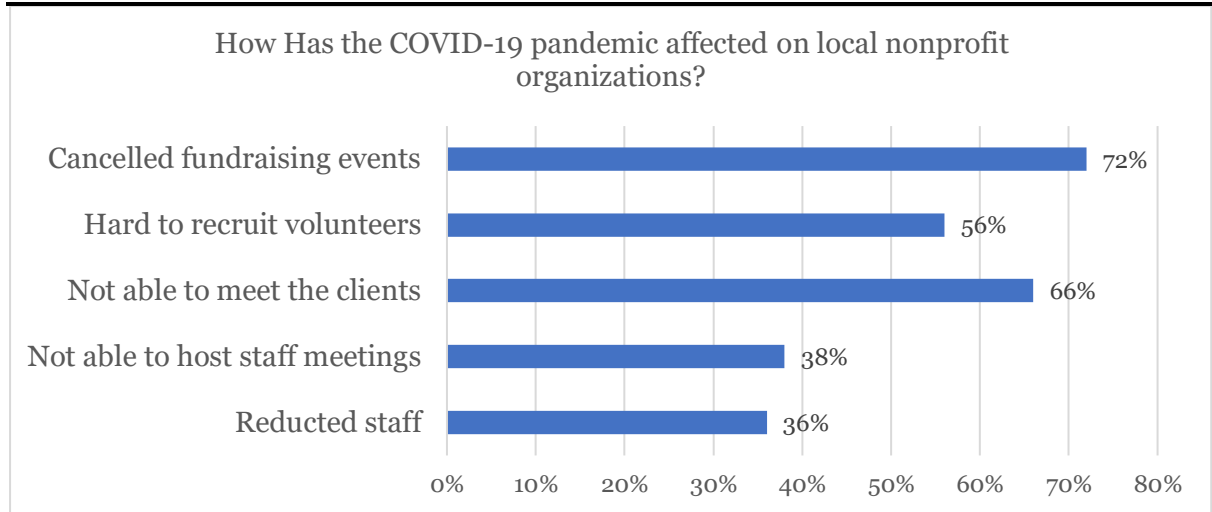
Table 2. Descriptive Findings

Variables	Mean (%)	Frequency	SD	Min	Max
COVID Impact (5-point Likert scale)	4.28		0.97		
1-No Impact at all	0	0			
2-Small impact	8.2	4			
3-Somewhat impact	12.2	6			
4-Great impact	24.5	12			
5-Extremely impact	55.1	28			
Estimated Revenue Loss	0.42		0.28	0	0.90
Total number of Grants	2.74		2.51	0	10
Total number of Foundations	3.28		4.35	0	20
Revenue	2,925,595.27		8,035,274.30	0	50,430,578
Ln Revenue	11.94		4.12	0	17.74
Having Performance Plan					
Yes	14.3%	16			
No	69.4%	34			
Board Member Involvement Level					
Low	10.2%	5			
Middle	30.6%	15			
High	59.2%	30			
Provide Community Engagement					
Low	24	46.9%			
Middle	13	26.5%			
High	13	26.5%			
N	50				

have significant impacts to their revenue. Respondents also indicated that they had to reduce services to their clients since face-to-face interaction was limited. Offering services through the internet was not always an available option since some people cannot afford the resources associated with technology use in border areas. Next, many nonprofits faced challenges associated with recurring volunteers. During the pandemic, the local news also reported that some volunteers had tested positive for COVID-19, which discouraged many to serve as volunteers. Other than these difficulties, the participating organizations also reported that they were not able to host staff meetings as usual, and some organizations had to lay off their employees permanently.

The descriptive findings also reveal the nonprofit organizations' capacities in the border area. Approximately 69% of respondents indicated that they did not have a formal written performance measurement plan. Some of them explained that they had some sort of informal plans but the majority of them could not show clear objectives in their plans or did not have enough resources to actually conduct the measurement plan. Over half (59.2%) of respondents believed that their board members showed strong leadership by being highly involved in the organizations. In the open-ended questions, one respondent explained that their board members treated the organization as a 'familia' (family in Spanish), meaning they pride themselves in taking care of the organization. This potentially reflected the local culture in the border community, although this was not measured directly through any variables in the statistical analysis. On the other hand, 46.9% respondents admitted that they provided low engagement to the community, even before the pandemic happened. One respondent

Figure 1. Common Challenges Faced by Nonprofits in a U.S.–Mexico Border Community

How Has the COVID-19 pandemic affected on local nonprofit organizations?

- Cancelled fundraising events — 72%
- Hard to recruit volunteers — 56%
- Not able to meet the clients — 66%
- Not able to host staff meetings — 38%
- Reduced staff — 36%

explained that their board members mostly reached out to their family members and close friends. They rarely reached out to anyone beyond the local community.

The descriptive findings also show some financial attributes of the responding organizations. Overall, the average revenue size is $2,924,595, ranging from $0 to $50,430,578. The majority of organizations (58%) have revenues of less than $1,000,000. Three organizations (6%) reported that they have zero revenue in fiscal year 2019. Organizations also received grants and financial support from local foundations. The highest number of grants received was 10; and the highest number of financial supports from local foundations was 20. In the sample, 80% (40) organizations reported that they have received at least one grant, while 66% (33) organizations received the financial support from at least one local foundation. It seems like the local foundation provided the greatest help to local nonprofits, although the help may not have been distributed evenly. Because of the variation in revenue, in the next analysis natural log was used to transfer data.

This study is conducted in a border community with a 95.2% Hispanic/Latino population. 25.4% residents were born outside of the U.S. (DATAUSA, 2022). Due to these demographic features, nonprofit organizations serving this area may have some unique characteristics from the community. The study asked several open-ended questions in the survey to capture these characteristics, such as asking to identify if they provide services only to the U.S. citizens and permanent residents, where 14% of respondents answered yes; 80% of respondents answered that they provided services to everyone in need, including international clients; 2% indicated that they primarily serve foreign residents who live in Mexico; and 4% explained that they offer services primarily to residents living in the local community. These results show that most nonprofits are inclusive to their clients in the border area.

The survey also asked respondents to identify the most important social issue that should be addressed in the community after the pandemic. The respondents thought the most urgent need was low-income families and homeless people, followed by insufficient public health facilities, insufficient public education, and youth development services.

Last, the survey asked respondents to use one phrase to describe their local community. Among all the answers, the following words/phrases appeared the most frequently: dynamic community, staying together, with rich or unique culture (see Figure 2). These words and phrases manifested a united border community which has a sense of group connection and cultural identity. In addition, certain phrases from the answer also revealed that this border community was 'isolated,' and 'underserved' with many 'low-income' families. Some of these

Figure 2. Word Cloud for Describing a Border Community

community characteristics exacerbated the challenges in local nonprofits as they combatted the pandemic.

Findings From the Regression Analysis

To understand how COVID-19 affected nonprofit organizations in a U.S.−Mexican border town, this study conducted two regression models to observe the impacts from different perspectives. In the first model, the dependent variable was measured by the executive directors' self-evaluation on how the pandemic impacted their organizations using a five-point Likert-scale. The model explored the research hypotheses and focused on how the organizations with different resources and capacities might be affected by the COVID-19 pandemic within different levels. The finding shows that if an organization received one more government grant, it would have a 0.376 decrease in the ordered log odds of being affected by the pandemic ($\beta=-0.376$, $p<0.05$). In other words, receiving government grants helps nonprofit organizations to remain sustainable during the pandemic in the border community. This is consistent with previous literature review on resource dependency. Specifically, the theory suggests that the ability of gaining government's support can greatly help nonprofit organizations' survival (Doyle et al., 2016; Froelich, 1999).

Surprisingly, the model also shows that if an organization received one more grant from a local foundation, it would have a 0.211 increase in the ordered log odds of being affected by COVID-19 at a higher level. This finding runs in opposition to Pfeffer and Salancik's (1978) statement that "the key to organizational survival is the ability to acquire and maintain resources" (p. 2). However, this does not indicate that a nonprofit organization getting more support from a local foundation would receive more impacts from the pandemic. It should be noted that this study was conducted in the summer of 2020. At that time, although many local foundations were willing to help the community, they had limited time to allocate their resources to the local nonprofits. Some foundations were not able to distribute resources until November 2020. As a result, some nonprofit leaders may feel that their organizations were greatly impacted by the pandemic when they answered the survey in summer 2020. Similarly, in the second regression model, the result shows that if a nonprofit organization received a greater number of grants from the governments, it was less impacted by the pandemic ($\beta=-0.356$, $p<0.05$). The number of foundation grants that a nonprofit organization received did not show any associations with the estimated revenue loss.

Table 3. Regression Analysis of the Relationships Between Nonprofits' Capacity and the Impact From COVID-19

Variables	COVID Overall Impact on Organization Odds Ratio (SE)	Estimated Revenue Loss B (SE)
Number of Grants	−0.353 (0.144)**	−0.356 (0.15)**
Number of Foundations	0.163(0.082)**	0.150 (0.008)
No Performance Measurement Plan	1.953(0.845)**	−0.291(0.087)**
Board's Activeness Level		−0.315(0.047)**
Low	−0.204 (0.874)	
Middle	−1.369 (0.782)*	
High	Reference Group	
Community Engagement		0.277(0.052)*
Low	−0.979 (0.845)	
Middle	1.291 (0.939)	
High	Reference Group	
Organization Attributes		
LnRevenue	0.101 (0.078)	−0.089(0.000)
R²	0.349	0.431

**p<0.05, *p<0.1 (see note 2 and note 3).

To examine if nonprofit capacity is related to the impact from COVID-19, the study checked if the targeted organizations had a formal performance measurement plan and conducted it regularly. The findings show that if a nonprofit organization does not have a formal performance measurement plan conducted regularly, it faces a 1.953 increase in the ordered log odds of a higher impact by COVID-19. This is consistent with the notion that a well-developed performance measurement system could benefit nonprofit organizations' operation and management, especially when facing an uncertain event (Carnochan et al., 2014; Poister, 2008).

In addition to the performance measurement plan, this study also explored the involvement levels from board members to the targeted organizations, and if this factor influences the impact level from the pandemic to the organizations. Although the finding shows a slight significance (β=−1.369, p<0.1), it still reflects that the odds of those organizations with a moderate board involvement were 1.369 times that of those with a higher level of board involvement being greatly affected by COVID-19. That is to say that a nonprofit organization with a more active board helps the organization to weather major crises. The second regression model provides a similar finding that the more active the board was during the pandemic, the less revenue loss was predicted by the organization's executive director (β=0.315, p<0.05).

The second model shows that community engagement has a slightly negative impact on the organizations' revenue loss. This is similar to the finding on nonprofit organizations' connection with local foundations. When COVID-19 hit the community, every community organization was likely affected to varying degrees. Therefore, if a nonprofit organization greatly depends on the funding sources and support from its local community, it will be impacted during crises. The community engagement factor did not show any effect on the first model.

Discussion

Nonprofit Organizations in Border Community

The COVID-19 pandemic dramatically affected nonprofit organizations within the U.S. and in the current study. As this research was being conducted, the pandemic was still raging, and many nonprofit organizations were struggling to remain sustainable. The findings in this study reveal challenges that nonprofit organizations have been met with since the beginning of the pandemic in a border community with limited resources. Many nonprofit organizations in this study indicated that they were greatly or extremely impacted by the pandemic. Cancelling scheduled fundraising events was the biggest challenge to these nonprofits, especially if they depend heavily on their local community's support. Under normal circumstances, local nonprofit organizations benefit from strong social ties to their own communities (Galaskiewicz et al., 2006). However, under turbulent environments, it can be difficult for nonprofits to maintain internal and external stability (Lin & Wang, 2016; Prentice, 2016).

In a recent study, Chen (2021) found that emergencies increased the risk of having financial distress in nonprofits with high reliance on external funds and when volunteers are most likely coming from local communities. In the findings, the result from the second regression analysis model shows that those nonprofits estimated more revenue loss when they indicated that they had a higher engagement with the community. This finding seems to be inconsistent and counter-intuitive with previous studies (Galaskiewicz et al., 2006). But the finding of this study may reveal that having a unitary financial source from the local community could be a concern for nonprofit leaders during a major crisis. During the pandemic, the entire community was impacted and less people would have attended events and activities sponsored by community organizations; some donors may have lowered their donations, as they may have also faced individual financial challenges brough on by the pandemic.

It should be noted that the finding did not indicate that community engagement is not important or even less beneficial for local nonprofits. In fact, nonprofit leaders in minority and migrant communities need to be more active in presenting their needs to upper-level governments and seek additional collaboration with other communities when their local community was at risk. Studies showed that many Hispanic/Latino people feel socially isolated and perceive a lack of support in the U.S. (Barrio et al., 2008; Callister et al., 2011; Hurtado-de-Mendoza, 2014) and more recently in the pandemic (Medina & Azevedo, 2021). Just as one respondent commented on an open question in the survey, "Our community is beautiful and friendly with rich culture. However, we are isolated from the rest of the country."

Nonprofit organizations are often the first and only organizations to provide social services to vulnerable populations like the minorities and immigrants in border communities (Garrido et al., 2019; Lee et al., 2017; Lee, 2019). This study also found that many nonprofit organizations indicated that during the start of the pandemic they were facing a surge of demands from the border community. The local community with a high Hispanic/Latino population under poverty aggravated the negative impact from the pandemic and increased the burden on nonprofit sectors.

During crises, government agencies need to provide necessary help. Compared to the nonprofit sector, resources from governments are relatively steady since they rely on taxes (Tuckman & Chang, 1991). Findings here revealed that nonprofit leaders self-evaluated that their organizations were less impacted by the pandemic if they received more government grants. This is consistent with findings from the Economic Crisis in 2008 that nonprofit sectors were able to survive and even grow with the support of the Obama administration's economic stimulus package and the American Reinvestment and Recovery Act (Casey, 2014). On the other hand, local nonprofit leaders assessed that their nonprofit organizations were more impacted if they depended heavily on local foundations. This does not mean that

nonprofit organizations should not receive assistance from their local foundations. This study was conducted in the summer of 2020, when the pandemic had only been going on for three to four months. At that time, government sectors were able to distribute financial support faster than local foundations within this border community. Some nonprofit leaders worried that the support from local foundations was less sustainable than from government sectors. Therefore, these nonprofit leaders estimated that their organizations received more negative impacts by the pandemic if they depended on local foundations heavily. A follow-up study could be conducted in the future to determine the important roles that local foundations have played in helping their local nonprofits.

This study found that local nonprofit leaders felt their organizations would be less impacted by the pandemic if they received more grants from the governments. However, a recent report shows that many nonprofit leaders, particularly those from underrepresented groups, did not feel very supported by elected officials in Texas (Built For Texas, 2020). The report showed that those nonprofits serving small communities did not have equal access to Personal Protective Equipment (PPE) from the government (Built For Texas, 2020). Government agencies offered the special grants and funding opportunities, such as the CARES Act (Coronavirus Aid, Relief, and Economic Security Act), which nonprofit sectors are eligible to apply for. Nevertheless, nonprofits in border communities did not receive enough support and have been overwhelmed by the pandemic (Moya et al., 2021).

Historically, border communities have been attached to immigration issues, in addition to other problems such as a shortage of healthcare facilities, large numbers living in poverty, less education opportunities, and even environmental issues, which have received less attention from policy makers. In one open-ended question, respondents pointed out that these problems were urgent in the local community. This study brings attention to the fact that border communities face critical issues, and need more sustainable support and collaboration, before, during, and after crises.

To the nonprofit leaders in border communities with large numbers of minorities and other vulnerable populations, this study shows that several factors related to nonprofit capacity were crucial during disasters. These factors include having an active board, conducting regular performance measurements, and engaging with community. Nonprofit organizations with an active board, which constantly seek to find alternative funding sources, give inputs in governance meetings, and maintain strong networks, will significantly help them in navigating crises.

In a recent study, McMullin and Raggo (2020) also suggested that nonprofit boards needed to learn from this pandemic and start proactively planning for any potential crisis in the future. An active board will strengthen the organization's capacity to resist a major crisis like the pandemic. This study showed that during a crisis, the board could show strong support by giving some strategic directions and actions, such as reaffirming the duty to the organization through a board meeting; discussing and assessing the risks that the organization is facing; reaching out to donors, especially major donors as early as possible; coordinating with the local community and greater networks; and making sure the organization can continuously work toward the mission. The more actions a board is taking, the more resistance they could help their organization to gain during a hard time.

Other than an active board, nonprofit organizations should realize that having a formal and regular performance measurement will also improve its capacity to handle uncertainties. A good performance measurement can help monitor and detect any weaknesses and threats to the organization. It should be noticed that this measurement should follow a formal structure with a basic analytic skilled staff. Having a vague idea or conducting the performance measurement casually may not help nonprofits to survive and resist effectively during crisis. In fact, research revealed that nonprofit organizations conducting a formal performance

measurement regularly will increase the confidence from their stakeholders and collaborators, including government agencies (Gazley, 2008). In return, when an unexpected situation happens, these organizations could potentially receive more support from their stakeholders and partners. Last, although findings did not reveal that high community engagement would help nonprofit leaders to assess that they would receive less negative impact by the pandemic, in the long-term high community engagement may still increase a nonprofit's capacity. When a major crisis happens, a nonprofit should engage with its local community by providing available assistance; using a website or social media to provide a timely update; soliciting donations; and actively looking for collaborations and partners. Nonprofits may also try to explore engagement beyond the local community and increase their networks. This may help to diversify nonprofits' financial resources and improve a broader capacity during a crisis. In summary, there are several capacity factors, which involve leadership, performance management, and community engagement, that are crucial to nonprofit sectors under emergency. Nonprofit leaders need to invest more resources and time to emphasize capacity building in these aspects.

Conclusion

This study is not without limitations. First, data was collected in summer 2020, which was still early in the pandemic. Until this point, the pandemic brought far-reaching influence, which was unprecedented. This article used a general measurement (5-point Likert Scale) to detect some early impacts to nonprofit organizations. As of now the crisis is still ongoing, and more nonprofit organizations may have noticed additional unique challenges and influences during the post-pandemic period. Further, this study uses a survey to collect the data, which could cause some survey bias, such as wording issues, misinterpretations, and information bias. Future studies may use more rigorous and detailed measurements to observe how nonprofits with different missions in minority and migrant communities are sustained through the pandemic.

Second, the sample size in this study is relatively small, due to the low accessibilities being offered in border communities. The small sample size could not provide a strong power to the statistical analysis. Thus, this study did not test how COVID-19 impacted nonprofits differently by their variety of missions. During the data collection, it was found that many local nonprofits' status was revoked by the IRS. The contact information of these organizations was also missing or incorrect in the database, making it difficult to find out more information. This negatively impacted the validity of the sample. However, this issue also reflects that many small nonprofits are unsustainable in this border community. As Cortés (1998) has noted, Hispanic/Latino nonprofits are less recognized by the IRS, and many of them do not exist longer than ten years. This indicates a substantial need for research attention to nonprofits serving Hispanic/Latino and other underrepresented groups. This may help to reduce inequality issues of nonprofit services in small and less resourced communities. More culture related variables should be designed to examine more unique characteristics of nonprofits in a border community with more vulnerable populations. Last, the study explores the COVID-19 impact on border nonprofits by conducting the quantitative analysis. More qualitative research is needed to learn the specific challenges that these nonprofits have met within their unique cultural context.

This study provides a picture of the influence of COVID-19 on small nonprofits from a U.S.–Mexico border community's perspective. Along with the findings, several suggestions to these nonprofit leaders are offered, such as seeking to obtain more sustainable resources and enhancing capacity development during a crisis. These suggestions are not meant to be universally accepted. Instead, general advice is provided to nonprofit organizations for awareness during major crises, especially to those organizations in a community with a high number of underrepresented groups. Nonprofit organizations should also review and adopt

these suggestions within their own community context, which may have different cultural or demographic backgrounds. Future research could also improve the validity and generalizability of this study by conducting research on this topic in different communities in different scales. Although the pandemic was unexpected, it taught many lessons to nonprofit organizations. It is necessary to continue the exploration and investigation on this topic, which help nonprofits to better survive and serve their communities.

A significant contribution of this study is that it reveals that nonprofit organizations with a high Hispanic/Latino and migrant population community were closely bonded to each other, especially during an emergency. This collectivistic culture is dominant in this minority community, where group activities were encouraged and responsibility is shared (Gudykunst, 1998). This unique cultural norm provided ample self-support during the pandemic. On the other hand, local nonprofit organizations were not active enough to seek external support beyond the local community.

Notes

1. Based on the Department of State Health Services, the border areas in Texas includes the following 32 counties: Brewster, Brooks, Cameron, Crockett, Culberson, Dimmit, Duval, Edwards, El Paso, Frio, Hidalgo, Hudspeth, Jeff Davis, Jim Hogg, Kenedy, Kinney, La Salle, Maverick, McMullen, Pecos, Presidio, Real, Reeves, Starr, Sutton, Terrell, Uvalde, Val Verde, Webb, Willacy, Zapata, and Zavala.
2. In this study, Model 1 used ordinal regression; the dependent variable is the overall impact on the organization; Table 3 shows the odds ratios with the standard errors in parentheses.
3. In this study, Model 2 used linear regression; the dependent variable is the percentage of the revenue loss; Table 3 shows the parameter estimates with the standard errors in parentheses.

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Appendix A. Survey Questions to Understand COVID-19 Impact on Border Community Organizations

1. How many government grants has your organization received in the past fiscal year (2019)?
2. How many grants has your organization received from local community's foundations in the past fiscal year (2019)?
3. How much has the COVID-19 pandemic affect your organization? (1=not affected at all; 5=extremely affected my organization)
4. How did the COVID-19 pandemic affect your organization so far? (select that all apply)
   a. We cancelled our scheduled staff meetings, and could not switch them online.
   b. We cancelled our scheduled fundraising events, and could not find an alternative way to do it.
   c. We closed our organization's physical location and could not work remotely.
   d. We reduced services to clients compared to before.
   e. We cannot recruit enough volunteers for safety concerns.
   f. We had to make staff reductions during the pandemic.
   g. Others: _____
5. What is the percentage (%) of the revenue lose by the pandemic would you predict in this fiscal year (2020)?
6. Has your organization applied to the CARES relief funding already?
7. In response to the impacts of the COVID-19, what actions has your board been taken so far?
   a. Reaffirmed your duty to the organization at the board meeting
   b. Actively reached out to the donors
   c. Discussed and identified the current risks that your organization was facing during the pandemic at the board meeting
   d. Actively coordinated with the local community
   e. Ensured the organization continuously moving toward the mission
8. Which of the following actions did your organization take to engage with the community during the COVID-19 pandemic?
   a. We are actively working on new solicitations (fundraising) from the community to help those who are impacted by the COVID-19.
   b. We have taken an active role in our community through response efforts (distributing food, assisting elderly, working with community experts and local government to identify needs, etc.).
   c. We updated our website and social media to tell people how to receive help from our organization.
   d. We shared credited updates and sources about the COVID-19 in our community.
   e. We sent an email about our response to COVID-19 to our stakeholders (including the board members, clients, donors, or volunteers).
9. Does your organization have a performance measurement plan?
   a. Yes, we have a formal written plan.
   b. Yes, we have an informal plan.
   c. No, we do not have a plan, but we are working on it.

        d. I don't know.
10. Averagely, how often does your organization conduct a performance measurement?
        a. More than once per month
        b. Once a month
        c. Once per season
        d. Once in every six months
        e. Less than once per year
11. What population does your organization primarily serve to? (e.g., U.S. citizens, foreign residents who live in Mexico, or others).
12. After the COVID-19 pandemic happens, which social issue do you think is the most urgent one in our local community?
13. If you could use one phrase to describe our U.S.–Mexico border community, what would that phrase be?