

Paper Number: PN042027

Paper Title: Silos, Service Delivery and Community Based Organizations: Section One: From Grass roots to Government, Service Delivery Silos and Local Institutions DOUBLE SESSION,

Author(s):

Jo Anne Schneider, Catholic University of America, Bethesda, MD, USA

Description

Observers of social welfare service and health care provision have long bemoaned the fragmentation of these services, both in terms of who provides service and divisions among organizations that focus on a particular issue. Families needing assistance often find that they must access multiple organizations to meet their needs. These organizations usually function within service delivery silos where they have little interaction with organizations providing complementary services necessary for their program participants to achieve their goals. These service delivery silos often stem from the narrow mandates of government and other funding sources. Organizations limited ability to collaborate with others also comes from narrowly focused missions and a tendency to develop networks with similar institutions.

Service delivery silos also refer to divisions among the various key participants in social welfare and health service provision: government, non-profits, faith based organizations, faith communities and for-profit organizations. Due to a combination of funding sources, mission history, public policy and local service delivery structures, different sectors dominate service delivery for various social problems. The partnerships among each type of institution reflect limited social capital connections as well as these various factors.. While each of these types of institutions have participated in social welfare and health service provision in most modern democracies for several centuries, the role of each in service provision and their relationship to each other has shifted over time. Given recent attempts in many countries to re-organize the role of these various sectors in providing for health and welfare, relationships among these various institutions, as well as the relative merits of institutional type as appropriate service providers, have become the subject of much scholarly and policy debate.

These two aspects of service delivery silos impact on each other because interactions among institutions participating in the broader social welfare system profoundly influence the kind of supports available in local communities, ways that people access systems, and their ability to successfully package together the various services needed. While scholars, policy makers and practitioners recognize the need to break down these silos both to enhance quality of life and promote institutional efficiency and effectiveness, various mechanisms have been proposed to achieve these goals. Evaluation of these various new partnerships or service delivery strategies has also generated much controversy.

The proposed double session addresses the theoretical and practical aspects of service delivery silos through papers analyzing this issue in several countries and focused on a variety of social problems. Papers address the impact of various funding sources on silo creation and maintenance, as well as issues of diversity as government attempts to partner with institutions thought to better serve various populations. The first half of the session focuses on the dynamics between grass roots organizations, government, and other funders or institutions. The second half looks carefully at recent attempts to bridge service silos. Papers comparing the United States, Canada, the Netherlands, and New Zealand.

Section One: From Grass roots to Government, Service Delivery Silos and Local Institutions
Chair/Discussant: □ Carl Milofsky

Thomasina Borkman: The Struggles of Self-Help Resource Centers to Obtain Support: Government Indifference to Innovative Mediating Organizations

Jo Cribb: Paper Armies? The Impact of parishes and members on Voluntary Organizations Interactions

with Government

How different types of voluntary organisations interact with government has been given minimal attention to date. Research has focused on the nature of the funding relationship and the lens of resource dependency has been widely utilised. Adopting a different lens - the constitutional structure of voluntary organisations - provides for new insights. By comparing four organisations with different constitutional structures - two faith based, two community based - in terms of how they approach their relationship with government, this paper will discuss the impact of a voluntary organisation's 'constituencies' on its interactions with government and the policy implications of the findings.

Linda Pitt Donaldson: Advocacy Among Secular and Non-Secular Human Service Providers: Possibilities for Partnerships in Social Justice

The devolutionary trend of social welfare functions to state and local governments has sharpened the focus on the need for human service agencies to advocate for policies, programs, and resources that improve the lives of vulnerable populations. In addition, President Bush's faith-based initiative has raised questions about the future of the prophetic voice of faith-based communities regarding social change. This paper presents data obtained from a mixed-methods research study which examined correlations between selected organizational factors and the advocacy behavior of human service agencies in Washington, D.C. Organizational factors considered are age, size, funding, faith-based status, and leadership. The author concludes with recommendations on ways in which communities can draw on the experience of human service agencies to advocate for social justice.

Jorge Sousa: Building Co-operative Community: The Conversion of Alexandria Park Atkinson Housing Co-operative

After ten years of struggle, the Atkinson Housing Co-operative in Toronto became Canada's first tenant-managed non-profit public housing co-operative. Over the years different events contributed to the process of community change. These events serve as pivotal points to empirically identify and analyze the underlying factors associated with increasing tenant-management. This case study examines those events using five elements: community resources; social capital; community leadership; community consciousness; and role of government. These elements form the basis of a community development model which can be applied to other low-income communities who want greater control over the fate of their community.

Section Two: Innovative Attempts to Combat Silos?

Chair/Discussant: Wolfgang Bielefeld

Jo Anne Schneider: Silos and Social Capital: Bridges and Barriers to Holistic Social Welfare Systems in Marginalized Communities

Providing consistent, high quality holistic services in marginalized communities remains a persistent challenge. Government systems create service delivery silos, which are echoed among social service agencies. Even multi-service agencies find their staff pulled in different directions by funding sources and provider coalitions. Providing holistic services also remains a challenge because of limited social capital among government, city-wide organizations, and community based institutions. Using concepts of bridging and closed social capital, this paper explores the reasons behind these service silos, examines attempts to provide holistic services, and discusses policy and program alternatives that would enhance holistic service delivery.

Bob Wineburg: A Local Department of Social Services Wants to Work with the Local Religious Community: What Happens when an Elephant Proposed to a Fish?

This paper will report the results of a study assessing what it would take for one community's public department of social services to develop a long-term relationship with the community's white and black churches. This author did this study in collaboration with a community committee. The membership was comprised of: (1) a social worker and her assistant, both appointed by the director of the 600 employee department to represent the local public the department of social services; (2) a representative from an agency that serves the elderly and uses the religious community extensively, especially for congregational meal sites; (3) a representative from the county's Community Action Program,

the only faith-based CAP in the US; (4) and the local urban ministry which has 250 of the community's 400 churches in its sphere. The paper discusses the reality of planning partnerships between the local department of social services, an agency that has to provide mandated services, and the faith community whose nonprofit organizations and congregations provide services voluntarily. The paper also discusses the intricacies of community planning against the backdrop of President Bush's community intervention strategies surrounding his faith based initiative.

Dave Campbell: *Serving the Hard to Employ: Models of Government/Non-profit Collaboration*
This paper uses field research and administrative data from California's Community and Faith-based Initiative to describe how hard to employ individuals are served by local workforce development systems, including government One-Stops, secular nonprofits, and faith-related organizations. It posits three models for how community based organizations relate to government—1) an alternative delivery system for individuals who are underserved or refuse service at One-Stops, 2) a source of remedial support and services that makes clients ready for the One-Stop; or 3) as active partners co-located at One-Stops or serving as a satellite service delivery center. Factors surrounding these options are explored.

Joyce Keyes-Williams: *Exploring Government and Nongovernmental Relations in Comparative: Social Welfare Policy in the United States and the Netherlands*
This paper explores government/ nonprofit relations in the Netherlands and the United States. At the outset, I offer a brief word about terminology. Next, I outline the features characterizing the relationships. Here, a distinction between the different forms of collaboration is established. Then, several factors that influence the relationships are highlighted including the different functional roles each sector plays, the impact of history, national traditions, and types of legal systems. Drawing from this contextual information, two case examples are compared and contrasted in light of the efforts to address the problem of substance abuse in each national setting.

Paper Number: PN042027.1

Paper Title: The Struggles of Self-Help Resource Centers to Obtain Support: Government Indifference to Innovative Mediating Organizations

Author(s):

Thomasina Borkman, George Mason University, Kensington, MD, USA

Summary of Research

Innovative mediating organizations known as Self-Help Resource Centers (hereafter Centers) arose in the 1980s to link the public and professionals to the growing number of self-help groups (themselves innovations). Despite favorable policy and the advocacy of the Surgeon General, the federal government has been unsupportive of Centers. The silo orientation favors the status quo. The methodology consists of qualitative interview data from three focused studies and other publications. Comparisons with Canada and Germany are made.

Description

Innovative mediating organizations known as Self-Help Resource Centers (hereafter Centers) arose in the 1980s to inform and link the public and professionals to the growing number of self-help groups. Local self-help groups were being initiated for hundreds of health conditions and social issues some of them unrecognized by medical or social service professionals (see White & Madara 2002). Self-help groups are defined as voluntary associations run by and for their members who share a common health or social issue and who resolve their issue partly through insight and knowledge based on lived experience (Borkman 1999). Local self-help groups tend to be small, informally organized, unincorporated, and without paid staff, i.e., grassroots community organizations (Smith 1997). Hundreds of thousands of local self-help groups for hundreds of different conditions were and have been initiated; some observers maintain that self-help groups are the largest number of third sector organizations to have been initiated in the past 25 years.

The federal government, despite public health promotion policy and the advocacy of the Surgeon General and federal staff, was and continues to be largely indifferent and unsupportive of Centers except for a few selective and narrow silo-based initiatives. A few State governments funded Centers usually for a short time. Over time, the functions of the Centers have increased. Some Centers are now the equivalent of the academic centers of nonprofit management that educate and train nonprofit managers, provide consultation to nonprofit organizations, and conduct research and evaluation. Yet the Centers have no contact with or acknowledgment from their equivalents that educate managers of formally incorporated nonprofits with paid staff.

Methods: The history and status of Centers in the US is sketched from publications, documents and interviews with Directors and staff of Centers from three studies. Comparisons and contrasts are made between the US and Canada and United States and Germany whose federal government funded model Centers, called Kontaktstellen (Matzat 2001-2002), that have subsequently been supported by state, local and municipal governments.

The possible reasons for the federal indifference to Centers in the U.S. are explored including: (1) the influence of the silo mentality (e.g., the heart disease funds supports only heart disease projects), (2) indifference to informal groups that are not legally incorporated as nonprofit organizations (see Smith 1997), (3) general resistance to service delivery innovation, and (4) the threat to professionals and established organizations that challenge the status quo.

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Paper Number: PN042027.2

Paper Title: Paper Armies? The impact of parishes and members on voluntary organisations' interactions with government

Author(s):

Jo Cribb, University of Wellington, Wellington, NEW ZEALAND

Summary of Research

How different types of voluntary organisations interact with government has been given minimal attention to date. Research has focused on the nature of the funding relationship and the lens of resource dependency has been widely utilised. Adopting a different lens - the constitutional structure of voluntary organisations - provides for new insights. By comparing four organisations with different constitutional structures in terms of how they approach their relationship with government, this paper will discuss the impact of a voluntary organisation's 'constituencies' on its interactions with government and the policy implications of the findings.

Description

Many Western governments contract extensively with voluntary organisations for the provision of social services. Much has been written about the problems experienced by both parties in this relationship (Kramer 1994; Nowland-Foreman 1997; van Slyke 2002). One problem identified is the reluctance or inability of government agencies to develop individualised relationships with providers (Behn and Kant 1999; Henderson, Whitaker et al. 2003). Voluntary organisations are characterised by their diversity (Kendall and Knapp 1995). The lack of recognition by government agencies of the uniqueness of their voluntary sector providers poses a barrier to improving the contracting relationship - further driving the 'siloed' wedge between the sectors - and ultimately the quality of services the public receives.

Much of the research analysing the contractual relationship between government and voluntary organisations has focused on the funding dimension and adopted the lens of resource dependency (Saidel 1991; Gronbjerg 1993). Adopting a different lens to explore the relationship - the constitutional structure of voluntary organisations - highlights differences between providers.

This paper will report on the author's doctoral research which consists of four case studies of voluntary organisations with different constitutional structures: two faith-based and two community-based. The case studies consist of over 40 in-depth interviews with social service voluntary organisation leaders. The data was triangulated with analysis of key organisation documents and extensive field observations. How the organisations perceive their relationship with their constituencies (members and parishes), and how this impacts on their relationship with government will be explored.

Comment will be made on the importance of voluntary organisations' constituencies on their relationship with government and acknowledging the diversity of voluntary organisations who contract with government. The policy implications of the research findings in terms of improving the government-voluntary organisation relationship will also be discussed.

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Paper Number: PN042027.3

Paper Title: Advocacy Among Secular and Non-Secular Human Service Providers: Possibilities for Partnerships in Social Justice

Author(s):

Linda Pitt Donaldson, Catholic University, Silver Spring, MD, USA

Summary of Research

The devolutionary trend of social welfare functions to state and local governments has sharpened the focus on the need for human service agencies to advocate for policies, programs, and resources that improve the lives of vulnerable populations. This paper presents data obtained from a mixed-methods research study which examined correlations between select organizational factors and the advocacy behavior of human service agencies in Washington, D.C. Organizational factors considered are age, size, funding, faith-based status, and leadership. The author concludes with recommendations on ways in which communities can draw on the experience of human service agencies to advocate for social justice.

Description

The devolutionary trend of social welfare functions to state and local governments has sharpened the focus on the need for human service agencies to advocate for policies, programs, and resources that improve the lives of vulnerable populations. In addition, President George W. Bush's faith-based initiative has raised questions about the future of the prophetic voice of faith-based communities regarding social change, especially as faith-based communities are being encouraged to expand their social service functions.

This paper presents data obtained from a mixed-methods research study which examined correlations between select organizational factors and the advocacy behavior of human service agencies in Washington, D.C. Advocacy behavior was quantified using a scale developed as part of the study that was included in the survey. Surveys were sent to 100 human service agency executive directors in the Washington, D.C. area of which 43 were returned. The researcher tabulated the advocacy behavior scores and conducted follow-up qualitative interviews with staff from five highest scoring and five lowest scoring agencies. In addition, correlations were drawn between several organizational factors— age, budget size, staff size, local government funding, faith-based status, and leadership—and advocacy behavior.

The theories used to examine advocacy behavior were a synthesis of political economy theory (Zald, 1970) and resource dependency theory (Pfeffer & Salancik, 1978). Resource dependency theory suggests that organizations depend on various resources for survival. Furthermore, the more dependent an organization is on a resource, the more influence the resource holder will have on an organization's behavior. Political economy theory puts the examination of resource dependency into a larger context by introducing other aspects of an organization's environment, such as internal structure and processes, and environmental factors beyond an organization's control.

The author concludes with recommendations on ways in which communities can draw on the experience of human service agencies to advocate for social justice.

Paper Number: PN042027.4

Paper Title: Building Co-operative Community: The Conversion of Alexandria Park Atkinson Housing Co-operative

Author(s):

Jorge Sousa, University of Toronto, Toronto, CANADA

Summary of Research

After ten years of struggle, the Atkinson Housing Co-operative in Toronto became Canada's first tenant-managed non-profit public housing co-operative. Over the years different events contributed to the process of community change. These events serve as pivotal points to empirically identify and analyze the underlying factors associated with increasing tenant-management. This case study examines those events using five elements: community resources; social capital; community leadership; community consciousness; and role of government. These elements form the basis of a community development model which can be applied to other low-income communities who want greater control over the fate of their community.

Description

The members of the Atkinson Housing Co-operative in Toronto, formerly known as the Alexandria Park housing project, worked with the nonprofit sector and negotiated with the government for over ten years to convert into Canada's first tenant-managed non-profit public housing co-operative. The conversion was the response to persistent appeals by Alexandria Park's residents for improved security of tenure and improvements to security on the property that went unheard by the local government housing agency. The conversion means that the residents will develop various policies that directly affects their lives and will also decide how to implement them.

The Atkinson Housing Co-operative represents an innovative response to calls for improved living conditions of public housing residents. Even prior to the formation of the Atkinson Housing Co-operative, this community has been strong and cohesive; hence the residents' desire to gain greater control and form a co-operative was consistent with previous events. Over the years there have been different events and activities that brought the community together, but there have also been others that created divisions. The outcomes of these events have contributed to the growth of this community, from inception to conversion.

These events serve as pivotal points to empirically identify and analyze the underlying factors associated with converting into a co-operative. Therefore, this case study involves an examination of those events using five elements: community resources; social capital; community leadership; community consciousness; and role of government. Although the conversion process has been completed, the underlying factors that contributed to the community becoming a housing co-operative have not been empirically explored.

This study empirically explores the factors and obstacles associated with the community's journey to a co-operative, with the objective of building a conceptual framework that synthesizes community development elements and academic discourse. In this paper I present these elements as the basis for a community development model which can be applied to other low-income communities who want greater control over the fate of their community.

Paper Number: CO043406

Paper Title: Is a spiritual core necessary to form an enduring vision of philanthropy?

Author(s):

Carol Mason, Trillium, Nahant, MA, USA
Candace Cuniberti, Trillium, Salisbury, CT, USA
Terry Anne Vigil, Trillium, Chestnut Hill, MA, USA

Summary of Research

We propose to make use of the colloquy to examine some well-known and not so well-known instances of bequests that have needed to be modified as well as those that have remained intact and completely true to their original vision. In this way we will see what role a "spiritual core" may play in the overall dynamics. Two types of philanthropic legacies will be examined: simple bequests and charitable foundations, as we explore whether or not there can be an enduring vision for philanthropy without a spiritual core.

Description

Colloquy: Is a spiritual core necessary to form an enduring vision of philanthropy?

The colloquy will begin by refining the definition of "spiritual core" which has initially been defined by the participants as "being moral, having strength of purpose, contributing to a recognizable form of good, having some aspect that is lasting, and being inspiring."

The colloquy will examine some well-known and less familiar instances of bequests that have needed to be modified as well as those that have remained intact and completely true to their original vision. We will divide the discussion into two parts. The first will deal with simple bequests and the second with charitable foundations.

1) Inception and development of bequests.

Examples to be discussed will be based on current research being conducted by the colloquy participants and will include, for instance, an example from a local seaside community in New England where a \$65,000 donation to a town for a swimming pool 40 years ago has now grown to \$1.3 million, but no pool has been built. One reason given by town leaders: disagreement on location; yet the town government originally accepted the bequest with all its provisions, including pool location. A local town committee has now been formed to ensure that the pool will be built in accordance with the donor's wishes.

This example and others will be examined using the following types of questions:

- what rationale supported the original vision of the donor?
- did it have the characteristics noted above of a "spiritual core?"
- were any of those characteristics lacking?
- what role did advisors play, if any?
- what role did potential charities or recipients play?
- what role did others, including regulatory and governmental entities play?

2) Formation of foundations (upon the decease of the donor)

Some examples of foundations that have encountered difficulties in carrying out the original vision of the funder/donor include certain family foundations that have changed or severely limited their pattern of giving and/or have not properly managed the principal and thus have greatly limited the foundation's resources and its ability to fully continue to contribute to the causes originally specified by the founding donor.

The following types of questions will be addressed in relation to examples where the original vision either was modified or was not being successfully implemented:

- was there a spiritual core to the vision?
- what limited the ability to implement the vision through the foundation?
- was the vision clear and was it clear to those entrusted to carry it out?
- what role did the trustees play?
- what role did the staff and others play?

The following types of questions will be addressed in relation to instances when the original vision of the donor had been successfully supported by the foundations:

- How has the original vision been maintained and why?
- What role did trustees, staff and others play?
- What was the "spiritual core" of the vision?

Each member of the colloquy will approach the discussion from a different perspective:

- 1) as a board member and chair of the finance committee of a national charitable foundation who is also investigating how to set up a viable foundation.
- 2) as an adjunct faculty member and a former CEO of a national nonprofit organization aware of a variety of bequests, their conditions, and the vision behind them.
- 3) as a project manager working in the nonprofit arena, who has relied on funding from a foundation with a specific and fairly narrow vision.

Paper Number: PN042031

Paper Title: Assessing the Financial Capacity of Nonprofits In "Leaner Times"

Author(s):

Joseph Cordes, School of Public Policy and Public Administration, George Washington University, Washington, DC, USA

Description

Nonprofits have traditionally been important partners with state and local governments in the delivery of services. Arguably, this particular role of nonprofits has grown over time with the expansion of "third party government" in which the responsibility for delivering a wide array of public services has been delegated to private institutions acting as agents of government.

Increased reliance on third party providers of government services -- which often tend to be nonprofit organizations -- rests on some tacit presumptions about the financial capacity of these organizations to deliver needed services on a sustained basis. One is that such organizations are able to weather cyclical and other fluctuations in revenue that flow from various sources. Another is that the distribution of the financial capacity to serve among nonprofits matches the distribution of needs.

The panel includes three papers that take up each of these themes, drawing on three studies that examine different aspects of financial capacity among nonprofit organizations. Two papers examine the effects on human services nonprofits of economic and policy changes that began at the end of the 1990s, and which continue into the present. The third paper offers a detailed look at the financial capacity of nonprofits located in the Pittsburgh metropolitan area with a special focus on how "financially strong" and "financially weak" nonprofits are distributed among different segments of the nonprofit sector, as well spatially between central city and suburbs.

Paper Number: PN042031.1

Paper Title: Thin the Soup or Shorten the Line: Choices Facing Washington Area Human Service Nonprofits in an Uncertain Financial Climate

Author(s):

Patricia Atkins, The George Washington University, Washington, DC, USA

Mallory Barg, The George Washington University, Washington, DC, USA

Martha Ross, The Brookings Institution, Washington, DC, USA

Joseph J. Cordes, The George Washington University, Washington, DC, USA

Summary of Research

The paper draw on various data sources to examine how human services nonprofits in the Washington DC region have been affected by cuts in state and local budgets. We find that DC area human services nonprofits have experienced financial stress that has required many to modify their operations, though generally in ways that are intended to minimize the effects on clients.

The paper also draws on detailed analyses of state and local budgets, as well as interviews with state and local budget officials to identify the complex financial relationships between human service and nonprofits and their local and state government partners.

Description

Following the recession of 2001 and subsequent slow economic growth, Washington area human services nonprofits have been squeezed by rising demand and increasing costs accompanied by only sluggish revenue growth. To understand how nonprofits have responded to these changes our research on the state of human services nonprofits in the Washington DC region draws on several different sources of information including: (1) a survey sent to nonprofits engaged in providing human services, (2) financial data from a small longitudinal panel of nonprofits, (3) detailed analyses of budgets of local jurisdictions and (4) interviews with government officials and nonprofit directors.

The different sources of data are used to gauge whether and how state and local budget problems have affected the financial capacity of nonprofits to serve their clients. The results indicate that human services nonprofits in the Washington DC region have experienced financial stress, and have adapted in a variety of ways, most of which are intended to minimize the impact on clients. The research also shows that the financial capacity of human service nonprofits who act as partners with local government in the provision of social services depends in part on how the partnership is structured and administered within the local government budget.

Paper Number: PN042031.2

Paper Title: Births and Deaths in the Nonprofit Human Service Sector Since Welfare Reform in 1996

Author(s):

Eric Twombly, The Urban Institute, Washington, DC, USA

Eric Twombly, The Urban Institute, Washington, DC, USA

Summary of Research

The paper uses the digitized data base of nonprofits organizations maintained by the National Center on Charitable Statistics to identify the rates of entry and exit among nonprofit human service providers for the years 1996, 1999, and 2001. These years constitute an interesting time frame because they span both the initial years of welfare reform, and a year (2001) in which state and local governments partnering with nonprofits were beginning to experience budgetary problems.

Description

One of the hallmarks of welfare reform has been the devolution of responsibility for providing a wide range of human services to nonprofit organizations working in partnership with state and local governments.

The paper uses the digitized data base of nonprofits organizations maintained by the National Center on Charitable Statistics to identify the rates of entry and exit among nonprofit human service providers for the years 1996, 1999, and 2001.

The data allow one to compare patterns of entry and exit among different types of human service providers that occurred during years after the implementation of welfare reform when economic conditions were relatively favorable (1996 and 1999), with entry and exit patterns in a less favorable year (2001). The data provide sufficient information at the individual organization level to allow comparisons to be made of entry and exit rates by type of human service provided, size of provider, and age of the provider.

These comparisons will yield insight into issues such as whether welfare reform has differentially affected births (entry) of new providers and/or deaths (exits) of existing organizations among the various types of human service providers. Comparisons of entry and exits in 2001 with earlier years should also provide insight about how leaner economic times in general, as well as shifting budget priorities (e.g. between Medicaid vs. other transfer programs) have affected entry and exit among human service providers as a whole, as well as among nonprofits in specific subsectors of the human services category.

Paper Number: PN042031.3

Paper Title: Examining the Financial Stability of the Nonprofit Sector in Pittsburgh

Author(s):

Carol DeVita, The Urban Institute, Washington, DC, USA

Summary of Research

The proposed paper uses detailed data on the characteristics of nonprofit organizations in the Pittsburgh area in 2001 to examine the spatial distribution of financial capacity both among different types of organizations within an urban area, and among organizations located in the central city vs. the suburbs. A broad research question to be considered is whether "financially strong" organizations tend to be concentrated in certain subsectors of the Pittsburgh nonprofit economy, as well in certain areas within the metropolitan area.

Description

A number of researchers have examined whether the spatial distribution of nonprofits in urban areas matches the spatial distribution of needs in these areas. This paper extends this research by examining the distribution of the capacity to serve -- as measured by a variety of indicators of organizational financial health -- within an urban area.

The analysis of the spatial distribution of financial capacity draws on (circa) tax year 2001 digitized form 990 data maintained by the National Center on Charitable Statistics. These data are used to situate nonprofits providing different types of service within different parts of the the Pittsburgh metropolitan area, and then to tabulate a variety of financial indicators for each nonprofit organization that measure various aspects of organizational "financial health."

The financial indicators calculated for each organization are then used to compare the distribution of "financially strong" and "financially weak" organizations by type of activity (e.g. arts vs. social services, vs. youth services, etc), organization size, organization age, and location in the central city vs the suburbs.

Paper Number: PN042032

Paper Title: The Importance of Values in Nonprofit Organization

Author(s):

Linda Serra, Mandel Center for Nonprofit Organizations, Case Western Reserve University, Cleveland, OH, USA

Description

The Importance of Values in Nonprofit Organizations

Although the number of nonprofit organizations continues to grow, the needs they must address grow even more quickly. This is especially true as governments cut back on services and large businesses consolidate, move jobs overseas and cut back on employee benefits in order to increase profitability.

Nonprofit organizations are not immune from business' focus on increasing productivity through more effective and efficient operations. Boards and communities at large scrutinize agencies with a much more critical eye as scandals with leaders bilking their organizations become seemingly commonplace. And as nonprofits face the difficult economy, boards demand that agency leaders cut costs, implement information technology systems, make due with fewer employees and meet "industry" benchmarks for income, outputs and outcomes.

Is this the way for organizations to be more effective and efficient? Or does the focus on bottom-line measurements neglect important, if not critical factors necessary for effective and efficient nonprofit operation?

More broadly, is our reliance on outdated service models perpetuated by entrenched payment systems producing nonprofit activities that cannot meet the needs of the very clients they were created to serve? Has our focus on productivity caused us to lose sight of our values, especially of the people we serve and the people we serve with? By neglecting critical values have we actually become both less effective and less efficient as organizations and as a sector?

This panel will look at the importance of values in nonprofit organizations and within the sector. With each panelist combining substantial management experience with scholarly research as students in Case Western Reserve University's Executive Doctor of Management program, we propose that a renewed focus on values can actually help us become both more effective and more efficient.

First we will examine two models of care in the health-care sector. Rob Hilton, President and Chief Executive Officer of The McGregor Community in East Cleveland, Ohio, demonstrates in his research how diversifying care setting choices within a community can enhance the quality of life for low-income seniors while improving the overall cost effectiveness and efficiency of caring for them. By focusing on clients and valuing their quality of life, Hilton proposes that communities can actually better serve seniors more affordably.

Beth Lada Morse, Director of the Cancer Nursing Program at Hartford Hospital in Connecticut, indicates in her research that the medical approach to end-of-life decisions and hospice care, based on a forty-year-old model, is woefully outdated due to advances in science and treatments, resulting in frequent ethical dilemmas and decisions for doctors, patients and their families. Morse explores ways to improve end-of-life decision-making by focusing on clients' actual needs for advance planning and for adequate resources that address the reality of their situation, rather than on an outdated model of care and payment.

Taken together, Hilton's and Morse's research indicate that by focusing on the actual needs of clients and realigning services to address those needs, both the growing long-term care sector and the end-of-

life/hospice sector can more efficiently provide effective services to client groups that are rapidly growing.

In her research, Barbara Clemenson, formerly Director of Finance and Administration at The City Mission in Cleveland, Ohio and currently principal of SDG Nonprofit Consulting, examines the effect of values within organizations as opposed to within sectors. Specifically, Clemenson proposes that leaders' value focus and value congruence affect their employees' commitment to their organizations, thereby affecting their organizations' overall productivity. Preliminary research analysis indicates that as leaders focus on achieving "success" within their sector instead of focusing on building organizational value from within by developing their people, workers' commitment to their organizations decreases.

Finally, Eric Woychik, President of Strategy Integration LLC, an international management consulting firm for governments, nonprofit consumer groups, and regulators, looks globally at the effect of societal values and executive compensation. Woychik argues that by focusing on short-term performance incentives, leaders are actually eroding their most valuable asset – their human asset. Woychik proposes that organizations need to adopt long-term, positive, visionary cultures – and the executive incentives that reward those values – if they are to develop their people and stimulate the productivity and creativity that will make them truly effective and efficient.

The nonprofit sector must meet more needs with fewer resources. Organizations and the sector itself must break beyond the short-sightedness of "business" practices and incentives which have dramatically failed to preserve corporations. By demonstrating that a focus on values actually increases efficiency and effectiveness, this panel hopes that boards, leaders and communities will renew their commitment to focus on the people being served and the people who serve them. By proving the bottom-line profitability of valuing people, nonprofits could model a healthier and more productive way of working to all of society's sectors.

Paper Number: PN042032.1

Paper Title: Strangers In the Commons

Author(s):

Robertson Hilton, The A.M. McGregor Group, Case Western Reserve University, Cleveland, OH, USA

Summary of Research

The problem of matching services with the needs of low-income seniors most efficiently grows more difficult as the numbers of this cohort increase along with pressure to reduce public funding for aging. Respecting the desire of all seniors to remain in their homes for as long as possible while providing choices to sustain their quality of life complicates this challenge further. Select non-profit providers of long-term care across the country have demonstrated success in this endeavor. This research encompasses ten of these sites in developing a model for offering affordable housing with services to seniors in need.

Rob Hilton

Description

"Strangers In the Commons:" Affordable Housing with Services for Seniors In Need

Rob Hilton

Seniors with little wealth face a lower quality of life prospect and potential abuse because of limited choices of where and how they receive care (Cole and Holstein 1996). In some cases, even seniors with relatively less acute needs must seek care in expensive nursing facilities designed for high acuity residents. By comparison, more affluent seniors can access assisted living facilities for which they pay privately to fill the gap in care settings between living at home with community services and nursing home care. However, less than 16% of assisted living residents at the end of 2002 comprised low-income seniors receiving public support, compared to 70% of nursing home residents (Eggert, Dials et al. 2003; Mollica 2003).

This study compared ten care settings in low-income, urban communities through thematic analysis of information from interviews with senior staff involved in administrative, caregiving and service coordination roles at each setting. Care settings were located in several states, including both states with and without robust Medicaid waivers for programs like affordable assisted living. The research evaluated the extent to which each community achieves the desired outcomes for low-income senior care and developed an affordable long-term care model accordingly.

The study concludes that, in order to provide quality lifestyle outcomes for low-income, frail seniors, a community must first have an easily accessible infrastructure of healthcare resources, including highly-trained workers, a diversity of care settings, and a progressive practitioner culture valuing best practices and new technologies. The owners of these resources must be well-organized and known to each other so that they can easily coordinate in meeting the unique needs of specific local communities. Three variables mediate the influence of these resources on the desired outcomes: the extent to which (1) a community has flexibility in its use of available public funding for senior care, (2) the services that comprise a given community of care meet the needs and preferences of their low-income seniors (Zimmerman, Gruber-Baldini et al. 2003), and (3) owners of these resources formally partner in the delivery of services to assure efficiency. Finally, four variables moderate the application of resources, including the specific existence of a Medicaid waiver, demographics, wellness, and the level of community commitment to assisting low-income seniors.

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Paper Number: PN042032.2

Paper Title: End-of-Life Decision-Making: How Can Health Care Organizations Support Patient and Family Decision for Advance Life Planning

Author(s):

Beth Lada Morse, Case Western Reserve University, Mandel Fellow, Glastonbury, CT, USA

Summary of Research

Most of us alive today will die late in life of chronic illness. Many nonprofit healthcare, community and professional organizations have begun to focus on improving end-of-life care.

Healthcare leaders have an obligation to address end-of-life care. By having a better understanding of factors that may contribute to patient and family advance medical planning these factors may influence emphasis on basic organization values such as respect for the individual and their right to self determination for certain medical treatment.

Description

End of Life Decision Making: How Can Nonprofit Health Care Organizations Support Patient and Family Decision for Advance Life Planning

Beth Lada Morse

Most of us alive today will die late in life of chronic illness. Medical advances have altered the trajectory of progression in diseases such as cancer, heart failure and stroke. Today, many diseases once life-threatening are more likely to be treated as a series of chronic long term set of events requiring symptom management and support. Many nonprofit healthcare, community and professional organizations have begun to focus on improving end-of-life care, providing leadership for society in this important area. Numerous initiatives are underway to address improvements in all aspects of end-of-life care including biomedical research, health care professionals, policy and the public.

As a healthcare professional for over 25 years I have been involved with personal and professional aspects of death, dying and end-of-life decisions. This experience accords with research indicating that physicians, patients and families rarely have frank and open conversations about terminal phases of disease progression. (Emanuel, Von Gunten, & Ferris, 2000; Lynn, Schuster, & Kabcenell 2000; Rabow, Hauser & Adams, 2004). Consequently, neither are there open conversations about end-of-life decisions. This lack of preparation results in confusion, tension and added stress to all at an already difficult time. A key issue is whether patients and families are really making informed end-of-life decisions and whether they are informed about resources such as hospice. Hospice is a model for compassionate care at end-of-life. Although the number of Hospice programs has grown tremendously since 1974 when the first hospice program started in the America, the length of patient days per patient in hospice are decreasing (Daugherty and Steensma, 2003). Nonprofit healthcare leaders are in a position to improve the end-of-life decision-making by increasing awareness of advance planning and resources available for end-of-life care. Hospice is a model for compassionate care at end-of-life.

To state this more strongly, nonprofit healthcare leaders have an obligation to address end-of-life care. To guide such leaders, this research draws upon literature and exploratory field interviews to propose factors that might contribute to early identification of patient and family preferences for advance medical planning and end-of-life care. By having a better understanding of factors that contribute to patient and family advance medical planning these factors will reinforce particular nonprofit organizational values, such as respect for the individual and their right to self determination for certain medical treatment.

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Paper Number: PN042032.3

Paper Title: "I Can See Through You!" How Do Leaders' Values Affect Their Employees?

Author(s):

Barbara Clemenson, SDG Nonprofit Consulting, Euclid, OH, USA

Summary of Research

"I Can See Through You!"

How Do Leaders' Values Affect Their Employees?

Summary

Barbara Clemenson

All leaders want to successfully run productive organizations. Leaders cannot personally affect the efficiency or effectiveness of nonhuman resources, but they look for ways to make workers more productive.

Is what leaders believe and how they behave as important, if not more important than what they do in determining workers' commitment and therefore organizational effectiveness and efficiency? If the relationship between leaders' values and workers' commitment is important, understanding that dynamic could help leaders profoundly increase their organizations' effectiveness and efficiency.

Description

"I Can See Through You!"

How Do Leaders' Values Affect Their Employees?

Barbara Clemenson

Thomas Jeavons (1994) proposed that organizations' values (what they believe and how they behave) are as, if not more important than their missions (what they do). Leaders disproportionately affect their organizations' cultures (Schein, 1992), especially their human "factor of production." What exactly is the relationship between leaders' values and workers' commitment? Leaders with a better understanding of this dynamic could profoundly impact their organizations' effectiveness and efficiency.

All organizational leaders want to be successful. They want to fulfill their organizations' goals, expressed in their Mission Statements, efficiently [using resources economically] and effectively [using resources to produce change]. This is true across sectors: for-profit, nonprofit and public. For-profit organizations focus on efficiency, but even nonprofit and public organizations will fail if their expenses continually exceed their income. Public and nonprofit organizations focus on effectiveness, but even businesses will disappear if they do not effectively provide wanted products or services.

Leaders have resources to fulfill their mission: labor, material and technology. They cannot personally affect the efficiency or effectiveness of nonhuman resources. Their productivity is based on their inherent characteristics and on how they are employed. How leaders act towards them or what they believe or say about them does not matter. Therefore individual units of these uniform, nonhuman resources perform with little variation within their organizations.

Individual workers, however, demonstrate tremendous differences in both their effectiveness and efficiency. So leaders consciously and unconsciously look for ways to make workers more productive. We expect a correlation between workers' productivity and their commitment to their organizations. But what influences that commitment? Specifically, how do leaders influence workers' commitment? If we understand this, we can help leaders successfully motivate workers to achieve their organizations' goals.

This study is grounded in leadership literature, historically classified as Transactional or Transformational Leadership. It proposes that there is a third model of leadership, long discussed but not classified, titled "Transcendent Leadership." Authors have described transcendent theories as value leadership, servant leadership, primal leadership and faith-based leadership, among others. However researchers have not classified these together as a coherent group. This paper argues that these theories are uniquely classifiable based on their values.

The research reported here involved an ethnographic study of one organization and a qualitative study of seven additional organizations. Using guided interviews with multiple participants at all levels of the organizations, it analyzed how leaders' value content and value congruence influenced their employees. The key research question was whether leaders with more "other-people-oriented" values influence employee to be:

- * More trusting of them
- * More aware of their personal value to the organization, and
- * More committed to the organization

Preliminary analysis indicates that employees "see through" their leaders. They observe leaders' value congruence, or incongruence. They tend to more fully trust leaders whose words and actions match. Employees are also very aware of their leaders' value focus. Specifically they "know" whether leaders are more concerned about securing their own position or about caring for the people who work for them. Especially during difficult times, employees who trust their leaders' value focus and value congruence will demonstrate overall higher levels of commitment to their organizations.

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Paper Number: PN042032.4

Paper Title: Long-Term Performance Measures for Executives: Securing the Human Asset Base of Nonprofit Organizations

Author(s):

Eric Charles Woychik, Case Western Reserve University, Cleveland, OH, USA

Summary of Research

This research is about how executive leadership performance affects the human asset base. Use of short-term performance indicators is framed here as problematic, with incentive distortions that result in unintended consequences. Focused long-term performance measures are required to stimulate effective leadership. Beyond this, the need is to use long-term performance measures and emotional intelligence to increase human asset growth. This paper presents a proposal to formulate new contracts for executives to better align with specific long-term goals and objectives. In so doing, the human asset base is bolstered so that non-profit organizations sustain long-term viability.

Description

Long-Term Performance Measures for Executives:
Securing the Human Asset Base of Non-Profit Organizations

Eric Charles Woychik

A crisis exists in the executive leadership of non-profit organizations. For executives to be effective, consistent incentives and performance measurement are essential. Future vision is critical to shape effective performance. Boards and executives must see the liabilities in performance schemes and compensate for bounded rationality. Accepting the embeddedness of these issues (Granovetter 1985), this paper focuses on how executive and management performance affect the human asset base.

As with private firms, much of the problem stems from the inconsistency between short-term performance measures and long-term institutional needs. (Krug and Weinberg 2004) Even in non-profit organizations, short-term performance is highly emphasized. (Ritchie and Kolodinsky 2003) The virtual world of non-profit activity has accelerated to equal speed-of-light commerce. Use of short-term leadership performance indicators requires rethinking. Extraordinary response to short-term performance has unintended long-term consequences, including erosion of human assets, reduced effectiveness, dislocation, organizational collapse, and fraud. (Sternberg 2003) Historically, performance distortions manifest as diminished focus, increased transaction cost, and goal-deflection. (Downs 1967) A basic question is whether leaders are protecting the most precious asset, the human asset base. (Goleman, Boyatzis, and McKee 2002) This suggests the need for focused long-term measures and the need to match performance values with strategies for human asset growth. (Riggs and Taylor 2002)

IQ and technical skills are important, but emotional intelligence is the sine qua non of leadership (Goleman 2000, pg. 79) and the essential core of an effective learning organization. The connection between executives and management is critical. But, how well does leadership use management in practice? (Amabile 2004) Compelling arguments are made to build a learning organization, particularly to use coaching in learning teams, (Hargrove 1995, Senge 1990) while perspicacious organizations map strategy and use proactive boards that understand the type of leadership needed to thrive. Effective leadership must be inspirational and resonant. Beyond this, however, a pervasive problem is the compensation to secure effective leadership. Appropriate performance incentives are required to ensure that performance encourages effective leadership and to ensure that leadership and management work together effectively.

With short-term performance incentives organizations virtually become toxic as a result of high-paced leadership and dominant time pressures. (Goleman, Boyatzis, and McKee 2002, pp. 194-98) Nonprofit organizations must sustain more positive, visionary cultures. Human assets must be secured and cultivated, as they comprise the primary engine for productive and creative enterprise. With proper long-term performance, an environment can be developed to stimulate the emotional competencies

needed to secure and cultivate the human asset base. A direct approach to the long-term performance problem is to reform executive contracts. (Romano, 2002) New contracts are needed for executives to better align and link with specific long-term goals and objectives. In so doing, the human asset base can flourish so that nonprofit organizations achieve long-term sustainable advantage.

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Paper Number: PN042033

Paper Title: Nonprofit Management Education in the United States: Reflections on Current Contexts and Future Directions

Author(s):

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Description

Nonprofit management education programs are growing at a rapid pace. Current contexts must be continually evaluated and reviewed by academics to ensure appropriateness of fit with current practices and emerging trends. The papers on this panel reflect on current arrangements for delivery of nonprofit management education within the university and propose recommendations for future programmatic direction.

Paper Number: PN042033.1

Paper Title: From Specialized Curriculum to Mainstreaming: Useful Integration? Or Lost in the Shuffle?

Author(s):

Charles Gray, University of St. Thomas, Minneapolis, MN, USA

Summary of Research

For more than a dozen years, the University of St. Thomas has offered a nonprofit concentration in its Evening MBA program. A revised curriculum removes the separately numbered and dedicated nonprofit core courses and the capstone course, and replaces a nonprofit "concentration" with a nonprofit "track." Students electing a nonprofit track will be "mainstreamed" with other MBA students in the core and the capstone course. This paper reports on the results of this change.

Description

For more than a dozen years, the University of St. Thomas has offered a nonprofit concentration in its Evening MBA program. The concentration included several core courses (e.g., accounting, marketing, finance), separately numbered with a nonprofit emphasis, and four dedicated concentration courses (development, planning and evaluation, nonprofit law, and a capstone. At any given time, between 30 and 40 students were enrolled in the nonprofit concentration.

A revised curriculum removes the separately numbered and dedicated nonprofit core courses and the capstone course, and replaces a nonprofit "concentration" with a nonprofit "track." Students electing a nonprofit track will be "mainstreamed" with other MBA students in the core and the capstone course. Selected core course and elective sections will include nonprofit modules and cases, and nonprofit students will be encouraged to take these sections. For example, among course sections with nonprofit content, the managerial economics core course will explore the implications of mission-driven as opposed to profit maximization resource allocation, and the human resource management elective will include volunteer management.

One likely benefit of this integration is that other MBA students enrolled in those sections will become more aware of the role that nonprofit organizations play in their lives, and some might even be enticed to switch to a nonprofit track. One possible cost is that nonprofit students may lose their sense of being in a special learning community if they are not taking dedicated courses together.

By the time of the ARNOVA meetings in November, we will have had a chance to debrief two years of the nonprofit students as well as the other MBA students enrolled in the selected, but not dedicated, core and capstone courses, using both focus groups and end-of-course surveys. The results will be especially interesting at a time of heightened competition. Three additional graduate programs in the metropolitan area now offer graduate training in nonprofit management. None of these existed at the time of the UST program's inception.

Paper Number: PN042033.2

Paper Title: Developmental Contexts of Nonprofit Management Education

Author(s):

Michael O'Neill, University of San Francisco, San Francisco, CA, USA

Summary of Research

The rapidly growing field of nonprofit management education has been studied from various descriptive and evaluative perspectives. This paper adds a contextual perspective, viewing nonprofit management education within the broader frameworks of American professional education, management education, and economic and institutional trends.

Description

University-based nonprofit management education (NME) has existed only about 20 years (O'Neill and Fletcher, 1998, pp. 4-6) but has grown rapidly and is now being offered at about 200 universities just in the United States (Ashcraft, 2001; Mirabella and Wish, 2001). Earlier research provides insight into several aspects of NME: rationale, extent, types, levels, curriculum, instruction, funding, academic base, student and alumni satisfaction, employer satisfaction, relation to business and public administration education, relation to non-university training programs, and other issues (Block, 1987; Fletcher, 2002; Haas and Robinson, 1998; Larson, Wilson, and Chung, 2003; Mirabella and Wish, 2001; O'Neill and Fletcher, 1998; O'Neill and Young, 1988; Young, 1999).

The principal thesis of the paper is that NME can be usefully viewed within the larger contexts of professional education and management education in America. A related thesis is that the early development of business, public, and nonprofit administration education was largely the result of significant economic and institutional growth in those sectors—business in the late 19th and early 20th centuries; government in the 1930s, 1940s, and 1950s; and nonprofits in the 1960s, 1970s, and 1980s.

The development of professional education and management education in the U.S. is briefly traced (Bledstein, 1976; Bok, 1986, chapter 3; Engwall and Zamagni, 1998; Jencks and Riesman, 1968; McGuire, 1992; National Society, 1962; Parsons, 1968; Parsons and Platt, 1973; Porter and McKibbin, 1988; Schein, 1972; Wilson, 1887). The economic and institutional growth of the business, government, and nonprofit sectors during the relevant periods is summarized. The origin and development of NME are set within these contexts.

Paper Number: PN042033.3

Paper Title: The Paradigm Must Shift: Nonprofit Management vs. Social Work Administration

Author(s):

Felice Perlmutter, Temple University, Narberth, PA, USA

Summary of Research

For the past 30 years the profession of social work has assumed that the educational base for preparation for leadership should be within schools of social work, within the MSW programs. In this paper we review that experience and come to the conclusion that schools of social work do not provide an appropriate site for the preparation of leadership in the field. A different paradigm is needed to prepare for effective leadership of human service/social work programs.

Description

It is time to shift the paradigm which underlies the preparation for leadership of the social services. For the past 30 years the profession of social work has assumed that the educational base for preparation for leadership should be within schools of social work, within the MSW programs. This is based on the conviction that a unique set of values and skills are inherent to the profession and that these are unique and obtainable only within a social work context.

In this paper we review that experience and come to the conclusion that schools of social work do not provide an appropriate site for the preparation of leadership in the field. A different paradigm is needed to prepare for effective leadership of human service/social work programs. We suggest that preparation for social work administration can most effectively take place in generic programs of nonprofit management and we explore curriculum implications.

Paper Number: PN042033.4

Paper Title: An Assessment of Arts Management Academic Programs

Author(s):

Ximena Varela, DrexelUniversity, Philadelphia, PA, USA

Franziska Eidner, Drexel University, Philadelphia, PA, USA

Summary of Research

This paper is the first comprehensive survey of all existing arts management programs in the United States, and presents a detailed analysis of curricular structure, academic emphasis, as well as relation to current research and needs of the field. The authors identify critical issues in preparing students for a career as practitioners or researchers in the field.

Description

This paper is a contribution to understanding the nonprofit management education landscape in the United States. It focuses on the discipline of arts management, which from modest beginnings three decades ago has now become a rapidly growing field, both in the United States and worldwide. This paper is the first comprehensive survey of all existing arts management programs in the United States, and presents a detailed analysis of curricular structure, academic emphasis, as well as relation to current research and needs of the field. The authors identify critical issues in preparing students for a career as practitioners or researchers in the field.

Paper Number: PN042058

Paper Title: Research on Nonprofit Costs Reporting

Author(s):

Mark A. Hager, The Urban Institute, Washington, DC, USA

Description

The papers in this panel focus on the issue of the pressures and limitations nonprofit organizations face in the reporting of costs. A variety of nonprofit stakeholders rely on the financial information generated by nonprofit organizations; however, the prevailing wisdom is that many nonprofit organizations do not or cannot accurately report their variety of expenses. The reasons for this state of affairs ranges from the pressures that nonprofits feel to look efficient, lack of education or motivation to track and report costs, and poor relationships with CPA firms. Understanding the variety of reasons why nonprofit organizations fail to accurately track and report costs is an important first step toward improving reporting, which is a necessary step in improving the information that managers, researchers, and regulators use to assess financial dimensions of nonprofit organizations.

Paper Number: PN042058.1

Paper Title: Non-Profit Overhead: The Auditors' Perspective

Author(s):

Teresa Gordon, University of Idaho, Moscow, ID, USA
Elizabeth Keating, Harvard University, Cambridge, MA, USA
Tom Pollak, The Urban Institute, Washington, DC, USA
Patrick Rooney, IUPUI, Indianapolis, IN, USA

Summary of Research

Fundraising and administrative costs reported by nonprofit organizations have been challenged by the media as excessive. Academic research suggests that these costs may be systematically understated. This paper advances our understanding of overhead cost reporting through a survey of certified public accountants that audit nonprofit clients. Since auditors are responsible for providing an opinion on whether the financial statements are fairly presented, one might expect that the auditors would develop a thorough understanding of a nonprofit's overhead costs and help ensure that such costs are accurately stated. The auditor's perspective should provide unique insights into reported overhead costs.

Description

Introduction

Over the past few years, fundraising and administrative costs reported by nonprofit organizations have been challenged by the media as excessive. Numerous watchdog groups, such as American Institute off Philanthropy, BBB Wise Giving Alliance, and Charity Navigator, have responded by offering guidelines to donors on the recommended relations between program, fundraising and administrative expenses. Implicit in these guidelines is the assumption that nonprofit organizations can clearly delineate such costs and will accurately report them to the public.

Academic research suggests that nonprofit organizations have strong incentives to systematically understate the overhead-type costs in the financial statements. Several studies have examined the reliability of reported fundraising and administrative costs (Tinkelman 1999, Rooney, Hager and Pollak 2003, Krishnan, Yetman, and Yetman 2004). These papers indicate that between one-third and one-half of all 501(c)(3)s report zero fundraising expenses. While some organizations may rely solely on volunteers for fundraising, it appears unlikely that such a large portion of the sector could function without incurring fundraising costs. Krishnan, Yetman, and Yetman (2004) provide direct evidence that a substantial percentage of nonprofit organizations reporting zero fundraising costs actually incur fundraising costs in the form of a director of development or a website that offers opportunities to donate.

This paper advances our understanding of overhead cost reporting by providing an alternative perspective – that of the external auditor. Relying on survey data from auditors, the paper will examine the role of the auditor in financial reporting in nonprofit organizations as well as the policies and procedures followed to verify the veracity of the reported overhead numbers. As the auditors are responsible for providing an opinion on whether the financial statements are fairly presented, we expect the auditors' responses to provide unique insights into nonprofit overhead costs.

Prior Research

Auditing literature generally examines either the compliance by the auditee or the quality of audit work completed by the auditor. While most audit research focuses on publicly traded firms, some studies have examined nonprofits in the context of A-133 audits. These federally mandated audits are required for both nonprofits and government agencies that receive substantial federal funding. One recent study by Keating, Fischer, Gordon and Greenlee (forthcoming) found that non-profit organizations have a high

rate of compliance with the A-133 audit guidelines. However, certain compliance rates were lower than for publicly traded firms. The study indicates that smaller nonprofits, those that are new to government grants, and those with prior audit findings have a significantly higher rate of adverse audit findings.

Several studies have examined the quality of the auditing of nonprofit and governmental agencies. The earliest studies began when GAO reports criticized the quality of audits of governmental entities conducted by certified public accounting firms (GAO 1986a, 1986b, 1989). Brown and Raghunandan (1995 and 1997) found little improvement in the quality of governmental audits since the original 1986 GAO report despite government-specific continuing education for auditors conducting single audits and increased use of quality reviews. While these studies have considered cost as a potential explanation for low audit quality, they have not explored other factors that might cause auditors to not fully complete their duties.

A third stream of literature surveys auditors on the type of audit work undertaken and asks for their perceptions of their auditees and reporting quality. However, only a few of these studies have examined auditors and their views of nonprofit clients. One such study by Brannan (1993) found that auditors were reluctant to carry out all of their full duties called for under the Single Audit Act.

Methodology and Key Findings

The research relies upon a stratified survey sampling technique. The survey protocol was developed by nonprofit academics (both CPAs and non-CPAs) and a nonprofit consultant. After being tested with a few selected CPA firms, the survey will be conducted by phone on a stratified sample of audit firms with nonprofit expertise. The main topics covered in the survey include:

- Relative importance, depth and breadth of the nonprofit practice to the audit firm
- Range of audit and non-audit services provided to nonprofits
- Quality of internal control and accounting policies and procedures of their non-profit clients
- Extent of audit procedures conducted by audit firm
- Identification, allocation, and verification of overhead costs by auditee and auditor

Our proposed paper will extend the audit quality and auditor survey literatures by providing insights into the role of auditors in nonprofit financial statement reporting and, in particular, overhead cost reporting.

Importance of Study

The study can fill an important void in our understanding of overhead costs. This paper will provide insights into the determination and verification of overhead costs. Specifically, the paper will offer new information on the quality of nonprofit accounting records and the role of the auditor in nonprofit financial reporting.

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Paper Number: PN042058.2

Paper Title: Who Feels Pressures to Contain Overhead Costs? Results from a National Survey

Author(s):

Kennard Wing, Havertown, PA, USA

Mark A. Hager, The Urban Institute, Washington, DC, USA

Summary of Research

Institutional theory purports that organizations face pressures that make them conform to standards of normality, a process called isomorphism. Recent research on nonprofit overhead cost reporting suggests that such reporting does not always reflect the material financial activities of an organization, and that many systematically underreport or misrepresent these costs. We posit that in the current weak regulatory environment, mimetic and normative isomorphic pressures cause organizations to value inaccurate representations of expenditures that make them appear normal rather than accurate representations that otherwise might be valuable in strategic management.

Description

Overview

This exploratory research investigates the characteristics of nonprofit organizations that say they feel pressures to limit their overhead, fundraising, or administrative expenses. Pressures to limit costs may translate into inaccuracies in reporting of costs, which may partially explain why many nonprofit organizations report implausible or unreasonably low overhead costs on financial statements and Forms 990.

Theoretical Underpinnings

Institutionalization theory has made great strides in answering the question “why do organizations tend to look so much like one another?” The central tenet of the theory is that organizations face external pressures that cause them to conform to expectations that they function in similar ways and adopt similar practices, a phenomenon known as isomorphism. One type of pressure is mimetic, wherein organizations seek to scan their competitors and organizations they admire so that they can adopt practices that look like these others. Another type of pressure is normative, wherein stakeholders encourage organizations to adopt a form and practices that are familiar and known within a field.

These pressures may be at work in the ways nonprofit organizations present their public face. That is, even if charities do not have similar spending patterns, they benefit from the appearance that their spending is not out of line with that of typical charities. These benefits take the form of grants and contributions from institutional and individual donors who cannot evaluate the efficiency of a charity beyond the self-reported financials of the charities. Rather than face sanctions from donors, watchdogs, or government regulators, charities may take cues from other charities (mimetic) or signals from watchdogs or researchers (normative) so as to report functional expenditures in line with the typical charity.

Empirical Approach

We gathered a variety of organizational data from 1,540 nonprofit organizations in the fall of 2001. One set of questions inquired whether organizations feel pressure from various types of entities to limit overhead, fundraising, or administrative expenses. We asked separately about pressure from private foundations or purchasers, government agencies and grantmakers, federated campaigns, watchdog groups such as the BBB Wise Giving Alliance, and individual donors and volunteers.

In the paper, we report on the incidence of organizations that say they feel pressure from these sources. We also report on how this incidence varies with the size of organizations and its funding mix. Not surprisingly, we find that nonprofit organizations that rely on a particular funding source are more likely to say that they feel pressures from this source to limit overhead expenses.

Implications

We know from other work that nonprofit organizations frequently over-represent program expenses on financial reports. On one hand, this practice is puzzling because accurate financial information is important for strategic management decisions, and inaccurate information potentially exposes organizations to regulation or sanctions from donors. However, managers may weigh these losses and threats against the danger of failing to conform to normative expectations about spending, and ultimately determine that control of their public financial face is more important than strict accountability. After all, failure to conform to normative expectations may have immediate consequences in terms of bad press and loss of grants and contributions. If our argument holds, then we should expect nonprofit organizations to mis-report their distribution of functional expenditures until either the management value of accurate information or the threat of regulator or donor sanctions outweighs the value of isomorphism.

Paper Number: PN042058.3

Paper Title: Advancing the Nonprofit Overhead Debate

Author(s):

Elizabeth Keating, Harvard University, Cambridge, MA, USA

Summary of Research

The paper highlights the controversy among nonprofits and foundations about overhead costs. Currently there is little agreement about whether the most prevalent overhead funding policies help or hurt nonprofit organizations. Nor is there a consensus about which non-programmatic costs foundations should be funded. The paper presents an analysis of the attitudes and practices that have made overhead such a contentious issue and introduces an overhead analysis tool. The ultimate goal will be to propose a new "overhead consensus" -- an overhead approach that both foundations and nonprofits could find useful.

Description

Introduction

At first blush, one could argue that there is one central tension about overhead: Grant seekers want to ensure their agencies receive higher overhead rates on the grants they receive, while foundations are inclined to restrict the use of funding, limiting the amount that can be spent on administrative or fundraising activities. The overhead issue, however, is not a simple zero-sum contest over philanthropic resources.

Ultimately, both organizations want to ensure that high-quality program services are delivered, and most recognize that this requires some expenditure on support services. But the two tend to see the relationship between overhead and mission fulfillment differently.

For many foundations, low overhead rates protect grantees' missions. They believe that excess funding will be used to boost salaries and benefits or expand staff unnecessarily, putting organizational interests ahead of client interests. They fear that free cash flows will be directed to less mission-critical activities. And some funders want to limit overhead to ensure that the nonprofit seeks to raise matching program or unrestricted funds from other sources -- thus improving the longer term prospects for sustaining the organization's services.

From the nonprofit point of view, low overhead rates jeopardize their ability to advance their mission. Low overhead rates may prevent the organization from investing in administrative and fundraising capacity, particularly systems that may have high upfront costs but longer term payoffs. A low overhead margin may cause the nonprofit to engage in costly supplemental fundraising activities that divert organizational resources from program activities and diffuse the mission. And financial pressures, exacerbated by low overhead rates, may encourage nonprofits to pursue lucrative but non-mission related grants, foregoing low margin, mission-related funding opportunities.

Prior Research

Numerous studies have examined the relation between reported overhead costs and donor giving (Frumkin and Kim 2001, Tinkelman 1999, Rooney, Hager and Pollak 2003). Essentially, these studies have examined whether donors' reward lower organizational-wide reported overhead costs by higher giving. A major problem with this analysis is the focus on the organization-wide overhead figures instead of project or grant level data.

Most project level overhead analysis has focused on for-profit organizations. The traditional form of overhead analysis employed is called "breakeven analysis," which focuses on the differences between fixed and variable costs. Keating (2003) outlines how this technique can be applied to nonprofits, but does not provide detailed guidance. Ideally, such an analysis would identify the new versus the existing

organizational costs with a goal of determining whether a grant will be financially beneficial or detrimental to an organization. While a desirable end, many nonprofits lack more fundamental tools and skills to determine what the real overhead costs of their programs and services are or should be.

In the past few years, overhead analysis has been revolutionized by activity-based costing (ABC), a concept popularized by Cooper and Kaplan (1992). This costing technique is based upon activity-based cost drivers rather than a simple fixed vs. variable costing approach. Consistent with ABC, Noreen and Sodersten (1994) demonstrate that overhead costs in the hospital setting do not adhere strictly to the traditional breakeven analysis model. Noll and Rogerson (1997) further suggest that the donors' funding restrictions greatly affect the actual overhead costs incurred by non-profit organizations. Specifically, they show that federal government cost reimbursement systems introduce substantial distortions in university operations.

Methodology and Key Findings

The current research is designed to start vigorous dialogue between the foundation and nonprofit communities on the role of overhead and to propose a better overhead costing approach. The paper to be presented at ARNOVA will cover the progress on the project to date, which include:

1. □ A teaching case that would be used to start discussion on overhead issues. The case involves a fictitious organization but highlights overhead issues frequently encountered by human service and educational institutions.
2. □ Development of a breakeven analysis tool as outlined in Keating 2003.
3. □ Two roundtable discussions with practitioners - one with foundation leaders and one with nonprofit executives, to elicit their conceptions of overhead and their ideas for more constructive approaches to overhead. These meetings are being held in early summer.

Importance of Study

In our work with nonprofits, we find that surprisingly few conduct such a thorough overhead analysis before applying for a grant. Instead, they discover the financial realities once delivery of the program services is well underway. The project aims to help the sector get beyond the current overhead stalemate by providing: (1) an understanding of the imbedded beliefs of both the donor and nonprofit community, and (2) a conceptual tool to assist nonprofits and donors better understand overhead costs. The study presented at ARNOVA would cover the preliminary findings of this project.

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Paper Number: PN042060

Paper Title: Formal Philanthropy to Native America: Who Gives, To Whom, and How

Author(s):

Sarah L. Hicks, Washington University, St. Louis, MO, USA

Description

This proposed panel features three papers by four authors that frame a variety of salient issues around the role and practice of philanthropy with regard to American Indian communities.

The first paper, written by Sarah Hicks of Washington University and Dr. Miriam Jorgensen of Harvard University, uses a large, diverse sample drawn from Internal Revenue Service data available in Foundation Center publications, in order to describe formal philanthropy with regard to American Indian tribes and non-profits serving American Indians. The paper analyzes philanthropic giving trends as well as recipients of philanthropic grants between 1988-2003. Analyses address specific sectors, geography, and the degree to which American Indian tribal governments and non-profits benefit from philanthropy. Giving and receiving trends in American Indian communities are compared to mainstream trends. The paper concludes with recommendations for foundations, tribal governments, non-profits, researchers and future data collection efforts.

The second paper, written by Sherry Salway Black and Dr. Sarah DeWees of the First Nations Development Institute, analyzes the emerging nonprofit sector in American Indian tribal communities more directly. This paper presents the results of a national survey of 1,400 Native nonprofits, highlighting findings and trends in the areas of funding, geography, size, service provision, and missions. Implications for the future of this important part of civil society in Native communities are explored, including the role of tribal governmental funding, the question of equity in philanthropic funding, and the future of leadership in the Native nonprofit sector.

The concluding paper, written by Sherry Salway Black of First Nations Development Institute, raises an issue that is of vital importance in grantmaking to Native America, and of increasing importance to philanthropy across the board: it discusses the various roles of intermediary organizations in assisting funders in awarding grants and building the capacity of recipients to attract and leverage funding. Using the First Nations Development Institute as a model, this paper identifies the challenges and benefits of its roles as an intermediary and highlights key future considerations for funders, recipients, and intermediaries themselves.

The strength of this panel lies not only in its attention to the often overlooked American Indian population but in its varied approaches to describing philanthropy in American Indian communities through analysis of longitudinal administrative data, cross-sectional survey methods, and the perspective of insiders with considerable experience in bringing philanthropy to Indian Country and brokering relationships between funders and recipients. This distinctive panel describes unique issues in philanthropy to Native America, juxtaposes philanthropy in American Indian communities against other trends in mainstream U.S. philanthropy, posits implications of these trends, and identifies future considerations for more effective philanthropy in service of the population.

Paper Number: PN042060.1

Paper Title: Philanthropy in Indian Country: Who is Giving? Who is Receiving?

Author(s):

Sarah L. Hicks, Washington University, St. Louis, MO, USA

Miriam Jorgensen, Harvard University, Cambridge, MA, USA

Summary of Research

Using data compiled from Internal Revenue Service records available in Foundation Center publications, this paper examines formal philanthropy with regard to American Indian tribes and non-profits serving American Indians. The paper analyzes philanthropic giving trends as well as recipients of philanthropic grants between 1988-2003. Analyses address specific sectors, geography, and the degree to which American Indian tribal governments and non-profits benefit from philanthropy. Giving and receiving trends in American Indian communities are compared to mainstream trends. The paper concludes with recommendations for: foundations, tribal governments, non-profits, researchers and future data collection efforts.

Description

The only two previous attempts to survey non-profits serving American Indian tribal communities were plagued by low response rates (Black, 1998; Mantila, 1999). Given the diversity of the mainstream non-profit sector (Salamon, 1999; Salamon, 2000; Weitzman et al, 2002) and the fact that these previous studies with regard to philanthropy in American Indian communities indicate comparable diversity (Black, 1998; Mantila, 1999), there is a great need to further explore philanthropic giving and receipt with regard to American Indian communities.

A dataset containing more than 7,400 philanthropic grants to non-profit organizations and tribal governments between 1988-2003 will be used to analyze trends around philanthropic giving to and grant receipt in American Indian communities. Authors will examine overall giving and grant receipt within and across various sectors, geographically, by grantor and by recipient (tribal government vs. non-profit organization). With respect to grantors, authors hypothesize that over time: (a) total amount of grant awards increased; (b) total number of grant awards increased; and (c) total number of grantors will have increased. With respect to recipients, authors hypothesize that over time: (a) total number of recipients benefiting from grant awards increased; (b) the number of awards made to tribal governments increased; and (c) the sectors (as classified using the National Taxonomy of Exempt Entities) in tribal communities that benefit most from philanthropy vary from the mainstream U.S. sectors that benefit most from philanthropy. American Indian philanthropic trends (Brescia, 1990; Brimley and Jorgensen, 2001; LaPier, n.d.) will be compared to mainstream philanthropic trends (Boris and Steuerle, 1999; Hodgkinson, 1996; Weitzman et al, 2002). A discussion of data limitations and an overview of measurement challenges will follow the analysis (Flynn and Hodgkinson, 2001; Salamon, 2002).

The paper concludes with policy, practice and research recommendations for philanthropic organizations, tribal governments, non-profits, and researchers (Black, 1998; Brimley and Jorgensen, 2001; Henson and Taylor, 2002; Mantila, 1999; Thorpe, 2001).

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Paper Number: PN042060.2

Paper Title: The Emerging Sector: Native Nonprofits

Author(s):

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Summary of Research

This paper represents the first comprehensive study of a growing and vital yet undocumented group of organizations that provide services for Native peoples: the Native nonprofit sector. Primary data collected from a survey of 1,400 Native nonprofits are analyzed, and trends in funding, geography, size, service provision, and missions are explored. Implications for the future of this important part of civil society in Native communities are noted, including the role of tribal governmental funding, the question of equity in philanthropic funding, and the future of leadership in the Native nonprofit sector.

Description

This paper represents the first comprehensive study of a growing and vital yet understudied group of organizations that provide services to and for Native peoples. The Native nonprofit sector is active in communities across the nation. Over the past 20 years Native communities have witnessed a transition from a century of control by the federal government to more tribal self-governance and control, and this transition is still happening. In many ways, the economies of reservations can be compared to those of developing countries moving to unshackle themselves from the remnants of colonialism, or to countries in eastern Europe and the former Soviet Union struggling to change from a centrally planned and controlled economy to a more market driven approach with a newly emerging "third sector." While significant research has been conducted on the nonprofit sector and the emerging civil society in these countries and what it means for social service provision, economic development, and policy formulation, little such work has been done in Indian Country. Nonprofits in Native communities across the nation are changing the dynamic in local communities and providing a private sector counterpart to tribal and federal governmental programs.

This paper will provide new information about the nonprofit sector in Indian Country. Primary data collected from a survey of 1,400 Native nonprofits are analyzed, and trends in geography, organization size, funding streams, service provision, and organization missions are explored. A conceptual framework is presented to explain the diverse and dynamic role of these institutions in Native communities. Implications for the future of this important part of civil society in Native communities are noted, including the role of tribal governmental funding, the question of equity in non-Native philanthropic funding, and the future of leadership in the Native nonprofit sector.

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Paper Number: PN042060.3

Paper Title: Report from the Field: First Nations Development Institute's Efforts at Being an Effective Intermediary

Author(s):

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Summary of Research

The First Nations Development Institute, an intermediary that has re-granted nearly \$10 million over the last ten years, is an organization that clearly illustrates three primary characteristics of intermediaries. First, the intermediary role is difficult and resource-intensive. Second, intermediaries are often willing and able to do capacity-building work that funders are hesitant to do. Third, because of the constantly changing constellation of nonprofits and funders, there will likely always be a need for intermediaries. This paper gives concrete examples of intermediary roles and highlights important considerations for funders, recipients, and intermediaries themselves.

Description

The groundbreaking paper, "Toward More Effective Use of Intermediaries" (Szanton, 2003), opened an important area of research on the philanthropic sector. Szanton points out that, increasingly, foundations are turning to intermediaries to help them find worthy grantees and administer grant making; this was especially true in the "go-go 1990s," when major foundations sometimes struggled to give away amounts necessary to meet federally mandated minimums (Adamson, 1998). His work identifies types of intermediaries (regrantors, capacity builders, collaboration facilitators, evaluators, intelligence gathering and advising, etc.) and, from a limited but incisive study of foundations' experiences, extracts lessons.

Because the inquiry is so new, however, there is little work that reports on or abstracts from the experiences of other actors in the collaboration - the intermediary organizations themselves or the grantees who work with intermediaries rather than major foundations. Certainly, Szanton chips the surface of these inquiries, and reports on specific initiatives in which intermediaries play a key role contribute to the knowledge base (see, for example, Lerza, 1997; Pyle and Simonetti, 1985; Teltsch, 1991). By offering the perspective and cumulative learning of a major intermediary organization serving Native America, the First Nations Development Institute (FNDI), which has re-granted nearly \$10 million over a 10-year period, this paper provides more information to fill the gap.

The paper reports on three critical aspects of the intermediary role. First, using specific examples, it summarizes how hard and, hence, resource-intensive the task can be. It takes time, effort, and money to get the word out, find good programs, encourage proposals, role model appropriate grantee-grantor interactions, and provide networking opportunities. Resource consumption in turn increases the difficulty of the intermediary's reporting task to its primary donor, as it must justify the expense of these activities. And looking in the other direction, resource consumption at the intermediary level increases the necessity of teaching grantees how to leverage re-granted funds to gain additional funding from still other sources.

Second, the paper notes that intermediaries often are able to do capacity-building work that funders are unable or hesitant to do (Backer, 2000; Edna McConnell Clark Foundation, n.d.; Letts, Grossman and Ryan, 1998). This is another aspect of the resource-intensity of the intermediary effort, but sheds light on the specific technical assistance (TA) role that re-grantors must often play. In addition to providing funding, FNDI has provided TA on data collection and evaluation, working with the media, organizational development (for example, developing boards of directors and written policies and procedures), and fundraising and communication. By undertaking these tasks, FNDI has helped many grantees who otherwise would have been unable to receive philanthropic funding, and has helped many become capable of securing philanthropic resources on their own in the future. An effective intermediary works to build capacity "upward" - to the foundation level - too. With respect to American

Indian grant-making, FNDI has found that it needs to educate funders on the importance of giving to Native American causes and concerns, on the significance of cultural differences between Native and mainstream America and within Native America, and on Indian Country initiatives that are especially worthy of support that might not otherwise appear on the primary grantors' radar.

Finally, the paper argues that the role for intermediaries likely will be ongoing, if not continue to grow. There are many reasons this is true within FNDI's issue areas (many of which resonate with intermediaries serving other communities), including the remaining needs for knowledge transfer and skill growth, funder education, and grantee preparation for relationships with mainstream funders.

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Paper Number: PN042064

Paper Title: Legal Approaches to Nonprofit Accountability

Author(s):

Dana Brakman Reiser, Brooklyn Law School, Brooklyn, NY, USA

Description

In order to achieve their various goals, serve their myriad constituencies, and legitimately claim entitlements to a host of preferences and benefits, nonprofit organizations must be accountable. Legal structures are one important mechanism for policing and enforcing this important nonprofit value. These structures, however, are neither monolithic nor omnipotent. The law can encourage accountability through the structures of governance that corporate and trust law impose on nonprofits and their fiduciaries, the constraints on their activities imposed by tax law and the limitations on use of charitable assets, and even through application to nonprofits of disclosure and auditing requirements drawn from the for-profit context. In this panel, the presenters will discuss many of these varying methods by which the law can monitor and compel nonprofit accountability, and will identify areas in which legal mechanisms for securing accountability may be insufficient.

Paper Number: PN042064.1

Paper Title: The Legal Principles of Nonprofit Governance

Author(s):

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Summary of Research

This paper will discuss the American Law Institute's efforts to identify the principles of nonprofit governance.

Description

As Reporter for the American Law Institute's Project on Principles of the Law of Nonprofit Organizations, Professor Brody is currently drafting the chapter covering the legal issues relating to the governance of nonprofit corporations and charitable trusts. The nonprofit project, like other ALI projects, is targeted to practitioners, judges, and legislators, and the "principles" format allows a statement of not only what the law is, but what the law should be. At the same time, the project will take care to distinguish what the mandatory legal framework should be from what might constitute desirable practices of good governance. By the time of the ARNOVA meeting, this draft chapter will reflect comments from the project's Advisers, ALI Members Consultative Group, and other scholars and practitioners.

Paper Number: PN042064.2

Paper Title: Change in Charitable Purpose in Commercial Nonprofit Enterprises

Author(s):

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Summary of Research

This paper will address the legal constraints on change of purpose in commercial nonprofits.

Description

In this paper, Professor Katz asks whether and to what extent the law restricts the ability of a nonprofit commercial corporation to alter the purposes and projects for which its assets (the retained earnings of its sales of services and goods, etc.) are used. In this connection, it will examine: the Unrelated Business Income Tax, which taxes a nonprofit's income from "any trade or business the conduct of which is not substantially related... to the exercise or performance" of its 501(c)(3) exempt purpose; state laws such as New York's Not-For-Profit Corporation Law § 1005, which requires a dissolving corporation's assets to be distributed to other organizations engaged in "substantially similar" activities; and efforts to impede the conversion or closure of nonprofit hospitals, most of whose assets derive from fee-for-services. The paper then asks whether and to what extent the law should restrict the ability of a nonprofit commercial enterprise to redeploy its assets to different purposes and projects.

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Dana Brakman Reiser, "Enron.Org: Why Sarbanes-Oxley Will Not Ensure Comprehensive Nonprofit Accountability" (unpublished manuscript).

Robert H. Sitkoff, *An Agency Costs Theory of Trust Law*, 69 Cornell L. Rev. _ (2004).

George G. Triantis, *Organizations as Internal Capital Markets: The Legal Boundaries of Firms, Collateral, and Trusts in Commercial and Charitable Enterprises*, 117 Harv. L. Rev. 1102 (2004).

Paper Number: PN042064.3

Paper Title: Enron.org: Why Sarbanes-Oxley Will Not Ensure Comprehensive Nonprofit Accountability

Author(s):

Dana Brakman Reiser, Brooklyn Law School, Brooklyn, NY, USA

Summary of Research

This paper will address the nonprofit enforcement priorities of state attorneys general.

Description

In the name of avoiding Enron-like scandals among nonprofit organizations, several state attorneys general (AGs) have proposed nonprofit reform legislation that draws closely on the language and principles of the Sarbanes-Oxley Act. Professor Brakman's presentation will explore these important nonprofit reform efforts, and articulate the perils of perceiving them as panaceas. She will begin by deconstructing the comprehensive concept of nonprofit accountability into its financial, mission, and organizational accountability components. Professor Brakman will interpret AGs' statutory mandates, explores their institutional competencies, and candidly examines their political incentives, in order to assess and anticipate AGs' nonprofit enforcement agendas. Her analysis concludes that AGs consistently will prioritize financial issues, and will fail to address vital issues of mission creep and lapses in nonprofit governance. Next, she will review and evaluate AGs' nonprofit Sarbanes-Oxley proposals to demonstrate their emphasis on financial accountability, and corresponding neglect of mission and organizational concerns.

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The Nonprofit Integrity Act, S. 1262, 2003-2004 Leg. Sess. (Cal. 2004)

Paper Number: PA041114

Paper Title: Accountability Mechanisms and Mission-Based Activity: A Nonprofit Agency Serving Immigrants and Refugees

Author(s):

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Summary of Research

This paper explores the relationship between accountability mechanisms and the mission-based services provided by nonprofit organizations serving refugees and immigrants in America. Nonprofits today are feeling intense upward accountability pressures. Literature and practitioners suggest that these demands may inhibit the ability of practitioners to engage in lateral and downward accountability activities, thus negatively impacting activities seen as central to reaching the organization's mission. The paper examines accountability processes in a nonprofit agency serving immigrants and refugees, identifying to whom the organization is accountable, the accountability mechanisms used and the impact of those mechanisms on the mission-based activities of the organization.

Description

Nonprofits have historically operated in what was referred to as 'the sanctified sector,' a sector that was above criticism; but times are changing. At present, it is not sufficient to have a strong mission and nonprofit status, as nonprofit agencies must answer for their activities. Nonprofit organizations must now incorporate multiple systems of accountability that address outcome measurement and transparency in financing and decision-making. This level of accountability, identified as upward accountability, is usually ensured through the use of reporting, auditing, and monitoring activities. These mechanisms provide accountability to funders, donors, and oversight agencies, and focuses on ensuring that financial resources are used for the specified purpose. Lateral and downward accountability, to the nonprofit organization itself, its community partner organizations, and its clients/beneficiaries, generally employ less formalized methods, and it is thus less clear how agencies are judged in terms of accountability on these levels.

To explore the various levels of accountability demands in the nonprofit sector, this paper focuses on one case, Bright Star (pseudonym), a nonprofit organization that provides resettlement assistance to refugees and aid and support to immigrants. The paper provides an overview of the refugee resettlement process in the United States and a review of nonprofit, service delivery, and accountability literature. Finally, it documents the accountability mechanisms used by the Bright Star and assesses the relationship between those mechanisms and the mission-based activity of the organization.

Fieldwork for this research was conducted between January 2001 and March 2002 by the primary author of this article. Data collection included field observations, interviews, and document analysis, identified by Merriam (1998) as the key data collection strategies for case study research. Five major questions guided this research. First, to whom is the organization accountable? Second, what are the accountability mechanisms used by Bright Star? Third, how much time does the organization spend completing the requirements to satisfy upward, downward and lateral accountability measures? Fourth, how are accountability mechanisms used by Bright Star inter-related? Finally, do these accountability measures assist or inhibit the organization's ability to fulfill its mission?

The accountability literature suggests that upward accountability demands may be too intense for nonprofit organizations to meet, inhibiting downward and lateral accountability and mission-based activities. Rather than testing that claim, this research explores the following question: what is the relationship between accountability activities and the mission-based activities of the organization? The data gathered in this research points to four main conclusions. First, upward and downward accountability can be better achieved with strong lateral accountability mechanisms in place. Second, upward accountability is dependent on the agency being held accountable, while downward and lateral

accountability is dependent on the felt responsibility of agency staff. Third, lateral and downward accountability activities are often seen by agency staff not only as accountability mechanisms, but as actions that are fundamental to the mission-based activity of the agency. Finally, upward accountability activities are sometimes seen as useful in assessing mission-based work, but are also seen as external demands that prevent further expansion or completion of mission-based activities. Thus, to the extent that upward accountability mechanisms are perceived as useful to the organization, agency staff will pay increased attention to the mechanisms.

This research was exploratory in nature, focusing on only one case. The case was chosen in part because it was fairly representative of other refugee resettlement and immigration assistance agencies in terms of its umbrella Voluntary Agency, funding and accountability requirements. However, in the end, Bright Star may be unique in its focus on felt responsibility laterally and downwardly and may not be representative of how refugee resettlement and immigration assistance agencies approach accountability. Thus, future research should explore these connections to further establish the relationships between multiple levels of accountability

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Paper Number: PA041261

Paper Title: Early childhood and community well-being: Strengthening the system for serving young children and their families in Northeastern Ohio

Author(s):

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Summary of Research

In Cuyahoga County, Ohio, a public/private community-wide initiative has been forged to meet the needs of families with young children through home visiting, child care, and health insurance outreach strategies. This paper presents the findings of an extensive evaluation of the programs of the Initiative. In its first three years, the programs of the ECI were taken to scale and are producing positive changes for families and the community.

Description

Abstract:

□ Efforts to impact community-wide social issues present an array of challenges for evaluators seeking to assess them. The magnitude of such community efforts and their often diffuse nature result in data availability and access issues, as well as the analytic difficulties of linking targeted programs to community-level indicators. Despite these challenges, much can be learned from these efforts for the purposes of informing program and policy decisions in the public and nonprofit sectors.

□ In Cuyahoga County, Ohio, a community-wide initiative has been forged to meet the needs of young children (birth to age 6) and their families. Launched in 1999, the Early Childhood Initiative (ECI) involves several interrelated strategies: home visiting for new mothers and the most at-risk families, certification of home-based child care providers and support for caring for children with special needs; and expansion of public health coverage for children in low-income families. Each program strategy involved a program-specific evaluation approach, but there was also a desire to examine the collective reach and interaction of the Initiative's efforts. This study reports on the methods used to study the programs of the Initiative as well as the Initiative's overall reach into its target population.

□ The founders of the Initiative sought to create a new community ethic that all children should have a safe, healthy start so they enter school capable of achieving their maximum potential. Targeting children from birth through age 5, and their parents and care givers, the ECI centered on achieving three specific objectives: (1) promote effective parenting; (2) ensure children access to health care; (3) guarantee the availability of quality child care. The founders sought through the Initiative to drive systemic change, ultimately leading to public policies that were more supportive of children and families, a service delivery system that was more seamless and responsive, and a community that accepted responsibility for the well-being of its children.

□ From the onset there was a commitment to build a learning partnership, an arrangement that would meet demands for public accountability but also inform practice and lead to continuous improvement in services. The approach involved features such as: (1) ongoing external evaluation, (2) forming of a committee including County officials, funders, program operators, and researchers charged with operational decisionmaking, and (3) the creation of program logic models to specify both the intentions of the programs and provide a framework for evaluation. The knowledge gained from the ongoing evaluation has informed the implementation of the Initiative and created a detailed record of programmatic and policy challenges confronted and surmounted.

□ The findings clearly show that the Initiative has achieved a very large scale and is now reaching approximately 70% of the births in the County. In total, nearly 83,000 children from birth through their fifth year of age have been served since the Initiative's inception. In this sense, the ECI is universal and has the potential to represent a system of support for young children and their families. The study explores the findings on implementation and outcomes and links them to practical uses for program improvement, accountability, and policy decisionmaking.

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Paper Number: PA041302

Paper Title: Strategy and Performance measurement in the Arts sector: the case of performing arts

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Summary of Research

It is now widely documented in the literature that measuring performance is a complex exercise that cannot be captured by financial indicators only. Several theoretical papers have supported these statements but other findings have shown that the nonprofit (NP) sector is mainly accountable on budget and financial based criteria. How can we reconcile this paradox? We try to shed lights on that issue by looking at one sub-sector of the area :the NP performing arts. We have sent a 9 page questionnaire to 350 performing arts organizations in Quebec, Canada and have received a response rate of 30 %.

Description

Performance measurement and performance measurement systems have been the focus of exhaustive research in managerial accounting over the past few years. Recent publications on performance measurement incorporates more and more every type of organizations, be them small or even not profit oriented. The arts sector has been one of the new areas examined. In the recent academic literature, authors such as Kaplan and Norton (1992, 1996 and 2001, among other publications) put forward balanced approaches to measure performance. These approaches have generated a lot of debate in the accounting research community (see Ittner and Larcker, 2001). The pros and cons of other approaches, which incorporate the interests of various stakeholders in performance measurement systems (Atkinson, Waterhouse and Wells, 1997) or which are more specifically related to long term performance and value added, have also been discussed extensively in the literature.

Although there are sensible differences in the approach they prescribe in terms of performance measurement, most authors who have recently tackled this issue agree on three main aspects of the question. First, they unanimously agree that in the past, firms tended to put way too much focus on financial performance indicators like profits, and not enough focus on non-financial measures. Second, they generally conclude that a useful performance measurement system should incorporate both short term and long term performance indicators. Finally, and most importantly, most authors argue that a useful performance measurement system should be linked to the firm's mission, and also linked to the strategy in place to fulfill the firm's mission.

It is based on these three conclusions that we intend to articulate our research effort. We believe that a global approach to performance, which takes into consideration non-financial indicators and both the short and the long term aspects of performance, is the only valid approach to the nonprofit organization context. In such a context, often characterized by a complex property rights structure, it is much more difficult to synthesize a mission around a sole financial performance indicator, such as a bottom line financial result. Furthermore, nonprofit organizations generally incorporate socio-political or cultural goals in their mission, which tend to diminish the relative importance of financial indicators.

This research tackles a paradox that has been put forward in recent research which studied the arts sector. Many studies ran on samples of nonprofit organizations involved in the arts sector have shown that these organizations are held accountable according to budget based and financially based criteria (Chiapello, 1991; Schuster, 1997; Turbide, 1997). The question as to why stakeholders mainly use financial data to measure a performance which is, in essence, hardly synthesized financially remains open. We put this paradox in the heart of research program by asking to a sample of firms involved in Canadian arts sector why, how and for who do they measure their performance. To run our investigation, we proceed by gathering and analyzing information with respect to performance measurement systems used by organizations involved in the nonprofit performing arts sector. We

present the results of a survey done by questionnaires sent to over 300 performing arts organizations located in the province of Quebec, Canada.

Paper Number: PA041418

Paper Title: Account Space: Conceptualizing the Relationship between Outcomes Accountability and Nonprofit Practice in Three Case Studies

Author(s):

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Summary of Research

This paper draws on organizational theory and presents the findings from a two-phase qualitative study involving the review of hundreds of documents, observations and seventy interviews with funders and community development practitioners, including directors of community development corporations, leaders of grassroots social change organizations and heads of social service agencies. The findings from this study show that holding nonprofits accountable for outcomes has the potential to increase organizational performance, if the accountability framework creates enough pressure to change practice. Yet the findings also suggest that this framework may constrain other important democratic tasks of nonprofit community development organizations.

Description

This paper examines the use of outcome measurement to ensure accountability and improve the performance of nonprofit community development organizations. Concern with nonprofit accountability has increased, both domestically and internationally, in the last several years. While today's concern with accountability is not necessarily new, the specific linking of accountability with performance on specified outcomes is distinct and an outgrowth of political and economic reforms that began in the 1970s (Hulme and Edwards 1996, Self 1993, Power 1997, Strathern 2000). These reforms favored private sector solutions to address social problems, including using market mechanisms to improve organizational effectiveness and efficiency (Bavon 1995, Kettl 1997, MacEwan 1999, Self 1993). Here, organizational accountability is ensured through incentive structures, contracts, monitoring, and competition, where measurable outcomes are the key indicator of performance (Bavon 1995, Donahue 2002, Kettl 1997, Power 1997, Self 1993).

Scholars writing about nonprofit accountability have both praised outcome measurement and raised concerns about this framework: Will outcome measurement contribute to organizational learning, increase the effectiveness of these organizations and result in greater impact in communities (Drucker 1990, Kanter and Summers 1987, Wholey et al 1986, Plantz, Greenway, and Hendricks 1997)? Or will outcome measurement lead to goal displacement, creaming, gaming or, worse, threaten the unique democratic contribution of nonprofit organizations (Goodin 2003, Lindgren 2001, Ryan 1996, Salamon 2003, Yoder and Ferris 1997)? Despite the growing emphasis on outcomes accountability and the inconclusive debates in the nonprofit literature, to date only a handful of studies have examined how outcome measurement shapes nonprofit practice (Frumkin 2001, Lindgren 2001, United Way 2000, Urban Institute 2001, 2002). These studies have tended to look at the effects on nonprofit practice in isolation from the accountability relationship in which it is being used. Consequently, we understand little about particular risks and benefits associated with different uses of outcome measurement and how these risks and benefits may differ depending on the approach the nonprofit takes to its work.

This paper draws on organizational theory (Weick 2001, Scott 1995, Seo and Creed 2002, Pentland and Feldman 2003) and presents the findings from a two-phase qualitative study involving the review of hundreds of documents, observations and seventy interviews with funders and community development practitioners, including directors of community development corporations, leaders of grassroots social change organizations and heads of social service agencies. The bulk of the paper focuses on three case studies. Each case includes a funder and a set of grantees implementing an outcome measurement framework. The cases were chosen represent different approaches to working with marginalized communities. In the social service case, the organizations focused on individual level change. In the neighborhood development case, the community development corporations focused on

neighborhood change. In the grassroots organizing case the groups focused on change at the policy level.

This paper presents a conceptual framework for understanding how and why practice changes in response to accountability frameworks like outcome measurement. This framework helps us understand how the process of giving and accepting of accounts, in a particular accountability relationship, can affect practice. The case evidence shows that holding nonprofits accountable for outcomes has the potential to increase organizational performance, if the accountability framework creates enough pressure to change organizational routines. Yet this approach may undermine other important democratic tasks of nonprofit community development organizations, including the ability of these organizations to function as free spaces where marginalized communities organize to change policies that negatively affect low-income communities (Evans and Boyte 1992, Fisher 1994, Mansbridge and Morris 2001).

Paper Number: PA041009

Paper Title: The Role of Entrepreneurs in the Formation of New Nonprofits: The Case of Workplace Charity

Author(s):

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Summary of Research

Although scholarship on the implications of the New Social Movements for philanthropy has proliferated, we know little about the conditions that underlie the formation of identity and interest-based nonprofits. This paper uses the case of workplace charity to identify the determinants of their emergence, focusing on the growth of charities oriented around particularistic causes. Rather than being driven from changes occurring below; that is, at the level of individual donors, the presence of these workplace rivals is instead determined from the top -- by the configuration and dynamics of the organizational field and by the work of nonprofit entrepreneurs.

Description

Over the last three decades, we have witnessed the growing importance of collective identities and interests. These groups, oriented around women's rights, minority rights, gay and lesbian rights, environmentalism and so forth, developed out of the New Social Movements of the 1960s and 1970s and have become a prominent feature of contemporary life. Their emergence has led many scholars to examine the influence of these new sources of collective orientation on various spheres, from the political arena to American culture more broadly. Similarly, research has proliferated on their implications for the nonprofit sector. This scholarship has tended to focus on the challenge of resource acquisition for charities centered on these concerns. However, we know less about the conditions under which identity and interest-based nonprofits appear. Given that these organizations allow for new modes of philanthropic involvement, it is crucial to specify their determinants. This paper uses the case of workplace charity to identify those characteristics that result in the formation of charities based on an expanded definition of the public good.

□

Workplace charity serves as a critical site from which to examine the organizational emergence of collective identities and interests in the nonprofit sector. Traditionally, the United Way has held a monopoly. When donors made a workplace donation, they were, by default, entrusting their gift to it. The United Way then dispersed their contributions to the community, characterized as a local entity possessing a common good. This monopoly has lasted for almost a century; that is, since the very inception of workplace charity.

Today, however, the field of workplace charity looks quite different. In a growing number of cities, the United Way can no longer claim a full monopoly and instead faces significant rivalry from other federated fund-raisers. These new nonprofits, or "alternative funds" as they are often called, gather workplace contributions for their membership of charities, all oriented around a specific identity or interest-based mission, such as women's issues, minority and ethnic concerns, the environment, and so forth. The rise of these alternative funds has been striking. In 2001, over 160 alternative funds raised about \$220 million and, across the United States, alternative fund pledges grew by nearly 36 percent from 1996 to 2001. This new competition to the United Way means that, for the first time in the history of workplace charity, donors in many cities can actually choose where their donations go, rather than just entrusting the United Way to choose for them.

□

However, while these alternative funds have indeed posed a challenge to the United Way, the challenge that they pose is uneven. That is, rather than operating in all cities across the country, they are only present in one-third of all metropolitan areas. This means that only in some cities of the United States do donors have the option to give their money to this emergent notion of community. And it poses an important question, both empirically and theoretically: why this variation? What explains where alternative funds have emerged and, therefore, where and why individual donors possess

significant charitable choices in the workplace?

□

To address these questions, I elaborate testable hypotheses derived from prior literature on nonprofit formation, focusing on demand-side, supply-side, and community-level characteristics. Based on a logistic regression analysis of alternative fund participation in the nation's over 270 metropolitan areas, I show that while alternative funds represent new identities and interests and, in result, provide employees with the ability to make charitable gifts based on these types of concerns, the presence of those identities and interests among community residents does not explain where alternative funds have appeared. Rather than being driven from changes occurring below; that is, at the level of donors, alternative funds are instead determined from the top -- by the configuration and dynamics of the organizational field and by the work of nonprofit entrepreneurs.

Paper Number: PA041249

Paper Title: Building the Capacity of Community-Based Organizations

Author(s):

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Summary of Research

Attention is increasingly focused upon community-based organizations in leading efforts to address community needs, particularly in urban areas. However, such organizations face many challenges when called upon to do so. External and internal stakeholders, including governmental agencies, public and private funders, businesses, other nonprofit organizations and neighborhood members, often heap unrealistic expectations on them.

We examine obstacles to building the capacity of community-based organizations to lead community change initiatives, as well as necessary conditions for success. Additionally, we examine necessary conditions and strategies for such organizations to engage effectively in broader collaboration across sectors, a requisite for strengthening communities.

Description

Public attention and policy are increasingly turning to community-based (including faith-based) organizations to address community needs and lead community change, especially in economically distressed, urban areas. However, these voluntary, nonprofit organizations, typically grounded in neighborhoods, face many challenges when called upon to lead or anchor such efforts. External stakeholders, including public and private funders, governmental agencies and local officials, for profit developers and other businesses, other nonprofit organizations and neighborhood members, often heap unrealistic expectations on them. And internal stakeholders, especially those with vision and dedication to strengthen their neighborhoods, often do so, as well.

Our paper proposes to examine major obstacles to building the capacity of urban, community-based organizations to lead community change initiatives, as well as necessary conditions for its success. Additionally, it will examine conditions and promising strategies for such organizations to engage effectively in broader collaboration across sectors with other organizations and citizens, a requisite for strengthening distressed communities.

The paper fits squarely within the ARNOVA conference special focus, since it discusses community organizations rooted in predominantly low income, African American communities, which are working to strengthen those communities through voluntary action for the public good, while partnering with external stakeholders, including predominantly white, middle and upper income institutions and groups, whether public, private philanthropic, or commercial.

In presenting this analysis, the author uses a qualitative, inductive methodology based on critical reflection on field experience, blended with conceptual frameworks, principles and findings from scholarly literature. The field experience is based, generally, on over twenty years of community training, consulting or volunteer board leadership with urban, community-based organizations. It is based more recently on consulting and training work with urban, neighborhood organizations in the St. Louis metropolitan area, particularly in the City of St. Louis and East St. Louis, whose purpose is to strengthen the economically distressed communities in which they are embedded.

The academic literature draws upon several disciplines and topics, including: nonprofit organization community practice (Austin; Nye & Glickman); life cycle models of nonprofit organizations (Bailey and

Grochau; Ellis); board/staff/volunteer roles and relations within life cycle models (Ellis, Mathiassen); alternative models of board/staff organization for nonprofit organizations with radically different functions and characteristics (McClusky; Saidel and Fletcher); and collaboration (Mattesich and Monsey; Mulroy; Winer; McClusky). (See bibliography.)

Our findings highlight five key obstacles to capacity building for community organizations, and corresponding promising practices for addressing them:

1. □ Balancing organizational vision and expectations with realistic capacity
2. Matching the capacity enhancement activities (e.g., training, coaching, technical assistance) to the unique developmental needs of the organization
3. Organizing the people power effectively, including the configuration of staff, board, and other volunteer roles and relations
4. Developing, diversifying, and renewing the organizational leadership
5. Engaging a diverse array of key external stakeholders through collaboration, while representing legitimately the community in which the organization is embedded

Our findings further highlight six conditions for success at community-based collaborations, some of which are well known in the literature on nonprofit collaboration:

1. □ Clarifying the purposes and goals for working together up front, while recognizing they will evolve as the collaborative effort unfolds
2. □ Gathering and sustaining effective, legitimate membership in the cooperative effort
3. □ Cultivating effective internal relations and communication within the collaborative effort
4. □ Focusing the work on the process as well as the results
5. □ Gathering and sustaining adequate resources
6. □ Cultivating dispersed and collaborative, more than tactical or positional leadership (Chrislip and Larson)

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Paper Number: PA041342

Paper Title: Communicating and Collaborating in the Civil Society Sector: Beliefs about Best Practices

Author(s):

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Summary of Research

This presentation reports conclusions from a study of the Community Action Organization (CAO). CAO is a collaborative community forum bringing together nonprofit social service providers, governmental agencies, businesses, and community groups to evaluate and leverage resources to address community problems. This study undertook to learn about the attitudes CAO participants have towards collaboration and specific communication and organizational structures employed by CAO. An on-line questionnaire was used to assess preferences regarding communication channels, attitudes about collaborative practices, and perceptions of CAO's successes. The study aims to provide insights into best practices for such community organizations.

Description

Communicating and Collaborating in the Civil Society Sector:
Beliefs about Best Practices

“To achieve sustainable social, health, educational and economic outcome through engaging the community in a planning and implementation process that coordinates and optimizes public, private, and individual actions and resources”

Mission Statement of The Community Action Organization

This paper and presentation will report data and conclusions from a study of the Community Action Organization (CAO) 1 in a mid-sized metropolitan city. CAO is a collaborative community forum created seven years ago for the purpose of bringing together nonprofit social service providers, governmental agencies, businesses, and community groups into a partnership to assess and evaluate community conditions and problems, make fact-based recommendations to the community leaders, and leverage resources. It has moved from its formative stages into a network organization encompassing over 300 direct participants representing every walk of community life from city and county governments, grass roots community groups, social service providers, major and smaller businesses, United Way, higher education, primary and secondary education, health coalitions, to religious groups.

The essential problem this project examines concerns the communicative process of collaborative decision making within a community. As communities come together, largely initiated by civil society organizations (e.g., social service providers, neighborhood groups, volunteer groups, nonprofit advocacy groups) in order to assess and address shared community challenges (e.g., crime, homelessness, early childhood education, joblessness, economic development, environmental protection), how can they come to recognize and work through their differences, share perspectives, creatively generate solutions, prioritize problems to be addressed, and collaborate on joint actions? How do they get business, governmental, and private resource-holders to the table and how do they leverage those resources into strategic action? How do they overcome all the typical problems in meetings where divergent views all need to be heard, where there is limited meeting time, and where legitimacy of the process is crucial? Especially in socially, politically, and economically diverse communities (such as Austin), these are central and critical questions. They are also fundamentally communicative questions.

Gray (1989) defines collaboration as “a process through which parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own

limited vision of what is possible.” Chrislip and Larson (1994) add that collaboration concerns more than sharing knowledge and information, more than forging relationships to serve each party’s independent goals. Collaboration, to these authors also entails creating a “shared vision and joint strategies to address concerns that go beyond the purview of any particular party” (p. 5).

□

Researchers from a variety of disciplines have been investigating interorganizational collaboration in the civil society sector for a number of years. For example, studies have examined collaborative relationships among community-based organizations and city governments (Rich, Giles, & Stern, 2001), within homeless service provision (Connor, Kadel-Taras, & Vinokur-Kaplan, 1999), in social service coordination (Foster-Fishman, Salem, Allen, & Fahrbach, 2001; Sandfoot, 1999; Takahashi & Smutny, 2002), between public and nonprofit organizations (Eden & Huxam, 2001; Huxham & Vangen, 1996), and between businesses and nonprofit organizations (Austin, 2000).

□

Despite the research on existing cases of collaboration, reasons that organizations develop cooperative/collaborative relationships, and theoretical speculation about barriers to and motivators towards these relationships, we have a dearth of scholarship on the communicative dimensions of making these relationships work at practical level. Issues left largely unexplored include coordinating systems of governance, sharing resources and accountability, and integrating organizational cultures (Grubbs, 2000), as well as creating communication channels for handling conflict and confronting difference in politically charged debate, leveling power differences in decision-making contexts, and efficiently gathering input from many diverse participants on complex issues.

□

Communication scholarship has a wealth of data on small group decision-making contexts and dyadic decision-making within organizational contexts, but has yet to apply this knowledge to the interorganizational context. In the case of community collaboration where each person participating in a meeting may represent whole organizations or agencies or even consortia of organizations (e.g., chambers of commerce, United Way, human service alliances), the communication challenges become more complex. In this context, negotiation, conflict resolution, voting, deal-making and even brainstorming activities take on new layers of challenge. Add to that the public nature of many such meetings where a tentative idea can become attached to a person’s whole agency or alliance, and we begin to see potentially stultifying pressures on participation emerge.

This study undertook to learn about the attitudes these participants have towards collaborative communication and the specific communication and organizational structures employed by CAO to bring about community collaboration and problem solving. An on-line questionnaire was used to assess preferences regarding communication channels, structures for decision-making, attitudes about collaborative practices, beliefs about barriers to collaboration, perceptions of CAOs success with various goals, the future of CAO, the quality of information disseminated and input solicited by CAO, and desires to continue to participate in CAO’s mission and activities.

The presentation will offer a description of how CAO operates, how it is structured, and how it has developed over the past seven years. The presentation will also present key findings from the data demonstrating the important collaborative beliefs of these participants, and the relationships between these beliefs and their evaluations of CAO activities and outcomes. The primary research question concerns how this community network organization communicates with stakeholders and what practices are healthy and readily received and which are cause for concern or dysfunctional in the eyes of these participants. These applied research questions have importance for decision-making in this particular organization as well as hold larger implications for creating a best practices model for other collaborative community organizations.

1CAO – is a pseudonym for the actual organization used for collection of these data

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Paper Number: PA041002

Paper Title: Engagement or Entanglement: Relationships Between Nonprofits and Local Governments

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Summary of Research

Results of a survey of 1,200 nonprofit providers in 12 large metropolitan areas are presented to investigate nonprofits organizations' choices to contract with government, their experience with contracting, and the implications of government contracting for nonprofit organizations. Nonprofit face problems of political uncertainty and must be willing to conform to constraints and absorb costs imposed by the public sector. The transaction cost problems include: 1) political uncertainty; 2) loss of discretion; 3) uncertainty regarding governments' administrative capability; and 4) coordination of contractual relations among various government units.

Description

Engagement or Entanglement: Relationships Between Nonprofits and Local Governments

In many communities, nonprofit organizations play a prominent role in delivering government financed public services. For nonprofits organizations contractual relationships with governments requires balancing the benefits of engagement with government against entanglements that can divert energy from their missions.

This paper provides a transaction cost framework to investigate nonprofits organizations choice to contract with government, their experience with contracting, and the implications of government contracting for nonprofit organizations.

Building on the work of Kirsten Gronbjerg (1993; 1997) we frame a nonprofit organization's choice to engage in contract work for government in transaction cost terms. Although public funding can be attractive, it comes at a price. Nonprofit organizations that seek contractual relations with government agencies face problems of political uncertainty and they must be willing to conform to constraints and absorb costs imposed by the public sector. The transaction cost problems for nonprofits working for government include: 1) political uncertainty; 2) loss of discretion; 3) uncertainty regarding governments' administrative capability; and 4) coordination of contractual relations among various government units.

Tracking the political process becomes a necessary cost for nonprofit contracting. Political turnover and conflict create uncertainty for nonprofits not just governments. Case studies suggest that "executives of nonprofits with public funding participate extensively in advisory committees, boards, and coalitions in order to keep abreast of public sector activities." (Gronbjerg 1997: 105). These activities reduce political uncertainty but impose burdens on organizations and their executives. Where organizations and their leaders are already situated in networks that facilitate monitoring the political process, these costs are reduced.

The loss of discretion entailed by contracting also reflects a transaction cost. A funder's right to monitor contractor performance, whether exercised or not, limits the discretion that a nonprofit organization has over internal organizational resources (Gronbjerg 1997). Governments, like other centralized organizations, are distinguished by the broad powers of executives to intervene in operational decisions (Milgrom and Roberts, 1990). Because intervention exacerbates uncertainty problems for external actors, it leads to higher transaction costs in contractual relationships. Nonprofits often supplement contracts from their own resources. The management of contract work also entails significant costs for nonprofit organizations, because they are typically required to generate performance measures and submit reports by specified deadlines (MacManus 1992).

Questions regarding the administrative professionalism and the management capacity of local governments also can introduce uncertainty. The literature demonstrates that local governments with appointed professional managers are more active in contracting and have greater contract management capacity (Brown and Poataski 2001; Clingermayer and Feiock 2001). Procedural constraints imposed by government result in implicit cost sharing such as when organizations accept initial or ongoing payment delays. For example, over 20 percent of payments for service by the City of Chicago to contractors occurred more than two months after delivery (Gronbjerg 1997: 107).

Finally, the organization of governments in a metropolitan area can create coordination costs in nonprofit organizations. Within political science there is a well developed research program that examines the implications of centralized versus decentralized systems of governments for meeting the service needs of citizens in metropolitan areas (Lowerey, 1999; Oakerson 1999; Clingermayer and Feiock 2001; Feiock 2002; 2003). This literature has neglected the impacts that the local public governance structure has for nonprofit organizations. A highly fragmented system of governments is likely to increase organizational uncertainty and require multiple contracts resulting in increased coordination costs (Gronbjerg 1997). The empirical questions examined in this paper include:

1. How does the type and characteristics of government influence the willingness of nonprofits to enter into contracts?
2. What characteristics of nonprofits make them more (or less) likely to contract with governments?
3. What types of procedural constraints and requirements are imposed on non-profits working for government?
4. How have governmental constraints affected the activities of non-profit organizations?
5. What has been the impact of contracting with government on the clients of the organization?
6. How has contracting with government affected the advocacy mission of the organization and its administrative capacity?

As part of a project supported through a grant from Aspen Institute, the authors have implemented a survey of 1,200 nonprofit providers in 12 large metropolitan areas. This work builds upon an NSF sponsored study of the governance structures of these metro areas for which Feiock was PI. Questionnaires were directed to 100 health and human service and cultural organizations in each metro area. The survey elicits information from nonprofit organizations regarding whether they have contracted with government. It will also include a battery of questions regarding the size, structure, and services provided by the organization. Detailed questions address the formality and structure of organizational operations, staffing issues including the use of volunteers, roles played by the director and board, the characteristics of the community and local governments, and additional questions which specifically address the transaction costs discussed above. The data derived from this section will allow identification on the characteristics of nonprofits that contract with government. A second section of the survey is answered only by the subset of organizations that contract with local governments. This section of the questionnaire includes questions about the organization's contracting experience including the contracting process, procedural constraints, the capacity of local government units, contact monitoring, etc. Organization directors will also be asked to assess how contracting has influenced the organization and their activities.

Descriptive analysis will report responses to the survey questionnaire by service, organization type, and by metro area. Explanatory models will be used to identify the circumstances in which nonprofits engage in contracting for government. A probit analysis will be used to model contracting choices and, similar to the analysis in stage one, a two-stage Heckman selection model will be used to explain the

contacting experience of organizations controlling for the initial contracting decision.

Paper Number: PA041143

Paper Title: Environmental NGOs in China: State Controls, Agency Interests, and NGO Strategies

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Summary of Research

This paper examines how the Chinese state has controlled environmental NGOs. This paper first analyzes state control measures embedded in various NGO policies and regulations to illustrate the state's intent to strictly control NGOs. After that, by studying a sample of 11 national and 11 Beijing municipal environmental NGOs, this paper reveals that state controls have been implemented as "agency control" or "no control" because of a decreasing state capacity, interests driven agencies in implementing state controls, and self-censored NGO strategies. At the end, this paper adopts "agency corporatism" and "self-censored civil society" to describe state-society relationship of China.

Description

Since the 1990s, scholars have examined the relationship between the state and society in China by examining the development of associations. Two concepts, civil society and corporatism, have been employed for this purpose. Because there was limited evidence to show that China's associations in the early 1990s were voluntarily organized and operated freely to express their constituencies' interests in China's political life, scholars found little use of the liberal democratic definition of civil society but defined civil society in China as an intermediate realm of associational activities separate from the state. Further, with observations on associations, particularly business associations, in several localities, scholars believed that corporatism, either in the form of state or societal corporatism, could best explain the creation and operation of China's associations because all associations in China must register with state agencies and only one social group is allowed to register as the sole representative of each sector.

However, two groups of scholars have called for reexamining this corporatist belief since the late 1990s. Either synthesizing other scholars' research results or using evidences collected from different sectors and localities, the first group of scholars suggests that the complicated reality and the dynamic change in China demand multiple models to explain state-society relationship. In contrast, based on empirical evidences from business associations in two localities, the second group of scholars challenges the usefulness of the concept of corporatism in understanding state-society relationship in China, and argues that "though corporatism may exist in form, it does not exist in essence."

In response to this call, this paper studies environmental non-governmental organizations (NGOs), one of the most developed expressions of social association in China, to exam China's state-society relationship at the turn of this century. Specifically, this paper first highlights measures employed by the state to control NGOs, then investigates how these control measures have been implemented on the ground based on experiences from 11 national and 11 Beijing municipal environmental NGOs in Beijing, and finally explores what factors have shaped patterns of state controls experienced by the studied environmental NGOs. The dynamic interactions between the state and the NGOs are the key focus of this paper.

Based on 33 interviews in 2001 and 19 interviews in August 2002 with 45 NGO staff members, 2 NGO scholars, and 5 government officials working with NGOs, this paper reveals that although the state has developed a complicated and rigorous corporatist structure with a set of measures to promote state corporatism, on the ground state controls have been implemented as either agency control or no control. Further, this paper finds that the extent to which state control measures have been implemented as a function of state capacity, associational demands of society, interests of agencies involved in implementing the state's control measures, and NGO strategies. Observing that state

authorized agencies have dominated NGO registration process and that Chinese citizens have organized and operated some environmental NGOs with minimum state interference, this paper argues that agency corporatism and self-censored civil society describe better state-society relationship at the turn of 21st century. In this regard, this paper sheds light not only the dynamic interactions between the Chinese state and environmental NGOs, but also on what kind of state-society relationships these interactions have embodied.

Paper Number: PA041327

Paper Title: Is there a social democratic civil society regime in Scandinavia?

Author(s):

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Summary of Research

A 'social democratic' model or regime is often used to categorize the Scandinavian countries. It is assumed that voluntary or nonprofit organizations in this regime have a small share of the welfare services, because these fields are mainly the responsibility of the public sector. Voluntary organizations are, however, relatively active when it comes to the promotion of political, social and recreational interests. The purpose of this paper is to confront such basic assumptions from comparative research with results from a comparative analysis. Do the voluntary sectors of these Nordic countries display conformity and distinctiveness in accordance with the theoretical assumptions?

Description

A 'social democratic' model or regime is often used to categorize the Scandinavian countries, or the Nordic group of countries. In the social democratic regime, it is assumed, voluntary or nonprofit organizations have a small share of the welfare services, because these fields are mainly the responsibility of the public sector. Voluntary organizations are, however, relatively active when it comes to the promotion of political, social and recreational interests (Janoski 1998; Salamon & Anheier 1998; Salamon et al. 2003; Salamon & Sokolowski 2001). The main purpose of this paper is to confront such basic assumptions from comparative research on nonprofit sector or civil society with results from a comparative analysis. Is there a social democratic civil society regime in the welfare field in Norway, Sweden and Finland? Do the voluntary sectors of these Nordic countries display conformity and distinctiveness in accordance with the theoretical assumptions? If so, can the commonalities of social democratic countries be explained by similar social mechanisms (Hedström & Swedberg 1998)? Sweden, Norway and Finland are the Nordic countries that so far have participated in the Johns Hopkins Comparative Nonprofit Sector Project (CNP) (Helander & Sivesind 2001; Helander & Sunback 1998; Lundström & Wijkström 1997; Sivesind et al. 2002), and they will be compared with other highly industrialized countries with extensive welfare arrangements belonging to the corporatist and liberal regimes, i.e., EU-countries and the USA (Salamon et al. 1999).

The term civil society means a sphere in between the markets and the 'state'. The civil society is also different from the private sphere, which is based on long-lasting, intimate relations between family-members, relatives and friends (Cohen & Arato 1992; Ehrenberg 1999; Habermas 1992; Janoski 1998). Participation in such activities is important for cultural and social integration and for the social distribution of rights, obligations, and welfare.

It is commonly assumed that the way the public welfare services are designed to a large extent determines the share of voluntary welfare services. However, in civil society, interest groups and pressure often crop up to secure and further the legal, political and social rights and duties of the citizens. At the same time such institutions and initiatives bolster these citizenship rights from domination by the market and the public sector (Cohen & Arato 1992; Ehrenberg 1999; Habermas 1992). Voluntary organizations may be alternative providers of such services to the public sector (Hansmann 1987; Steinberg & Young 1998; Weisbrod 1977), there may be interdependence and partnership (Gronbjerg 1987; Salamon 1987), or voluntary organizations may promote public involvement in welfare services (Kuhnle & Selle 1992). Regime theories presume that citizenship, welfare, and civil society may define each other in different ways in different societies, which for instance can be seen in the emphasis on universal social rights in some societies, versus more individual, insurance based arrangements in other societies. Consequently, the civil society will have a varying size, composition and role in different societies, and regimes are models or heuristic devices, that make this variation more comprehensible (Janoski 1998; Salamon & Anheier 1998).

The empirical analysis focuses on employment in voluntary sector welfare services. This represents a

smaller share of total employment in the Nordic countries than in the EU-countries and the US, in line with the assumptions about a social democratic regime (Janoski 1998; Salamon & Anheier 1998). The CNP data cover some factors that may be used in attempts to explain these differences, such as memberships, volunteering, paid employment, operating expenditures, and income from public sector, gifts, and fees and charges. In addition, factors from other sources can also be used, such as public social expenditures, the strength of left parties, cultural and social homogeneity. The goal is to see which of these factors that can be used to explain size of employment in voluntary welfare services, and if the patterns of causes and effects are in line with the assumptions about a social democratic regime. A method called Qualitative Comparative Analysis (QCA) (Ragin 1987; Ragin 2000) will be applied to sort countries in types or regimes. This analytical approach has not been used on the CNP data before.

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Heath.

Paper Number: PA041417

Paper Title: The Nonprofit-Government Partnership in Transition: The Legacies of Retrenched and Reinvented Government

Author(s):

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Summary of Research

During the past decade, the nonprofit-government partnership in social services has confronted an extraordinary new climate. "Reinvented government" has left a legacy of administrative reforms for nonprofits to contend with--new contracting practices, performance-measurement burdens, challenges posed by expanded use of vouchers. The "Post-9/11" era has added on government fiscal retrenchment "climate changes" that impact deeply as well. How is the nonprofit-government partnership being "restructured" in the face of these changes; with what consequences for nonprofits? How are directors responding and what are the implications for philanthropy? This paper draws from national data and field observations to offer insights.

Description

The Deepening Nonprofit-Government Social Service Nexus

The "partnership" between government and nonprofits forms the fundamental foundation of social service delivery in the United States. For nearly 40 years, government has turned to nonprofits to provide an ever-broadening array of services on its behalf (Smith and Lipsky, 1993; Salamon, 1989). During the last three decades, virtually every new social service program enacted by government has incorporated nonprofits as its core delivery agents. In lieu of the creation of new governmental service bureaucracies, policymakers have opted to use the front line service delivery capabilities of nonprofits. As a consequence, the ability of government to deliver core social services is now vitally dependent on the presence and effective functioning of nonprofit providers (Smith, 2000; Gronbjerg, 2001; Boris and Steurele, 2001).

At the same time, nonprofit service agencies have become intensely dependent on government. Nationally, well more than half the operating revenues of nonprofit social service organizations are derived from governmental sources, through service contracts, grants and other arrangements. (Nonprofit Almanac, 2002; Salamon, 2003). The government-nonprofit social service relationship has become the critical element in a host of service areas spanning from mental health to AIDS prevention, from child care to homelessness, and from job training to youth services (Johnston and Romzek, 1999).

Current Conditions and A New Partnership Climate

The nonprofit-government service relationship currently operates in a highly volatile and stressful climate. At the social service nexus, forces tied to recent governmental reform initiatives, fundamental social policy changes, and the freefalling economy have aligned to place major, transformative pressures on this longstanding service partnership. The government-nonprofit relationship has been buffeted by major governmental reforms of the 1990's tied to the reinventing government movement (including competitive privatization, performance/outcomes mandates, and welfare reform (Brudney and Herbert, 1997; Milward, 1996; Hasenfeld, 2000). Indications from the field are that these reforms have caused the significant restructuring of conventional government-nonprofit administrative arrangements (e.g. through introduction of performance-based contracts, competitive bidding, and practices encouraging entry of for-profit firms), and have presented new challenges for nonprofit providers. Indeed, nonprofit agencies that once operated with limited public oversight now confront far stiffer and more complex accountability requirements.

Yet even as the full impact of legacies of reinventing government reforms remains unclear, the critical service partnership between nonprofits and government faces yet another set of formidable stressors: freefalling state budgets, the deflection of national attention from domestic social issues to terrorism and war, declines in private philanthropic support, and rising demands for social services in the face of

deteriorating economic conditions.

Impacts of this Altered Climate on the Nonprofit –Government Partnership

What do we know about the impacts of these sets of stressors at work in the social service environment? How potent and how enduring are these “climate changes” likely to prove to be? What are the most visible concerns these forces have raised with regard to the partnership’s health and capacities? What coping strategies have nonprofits developed to manage the current social and economic conditions? How are our current understandings of the nonprofit-government partnership changing and with what implications for philanthropy? This paper draws from both national data and Delaware based field interviews to glean some insights into the new nonprofit government partnership and what it will mean for philanthropy in the future.

Paper Number: PA041125

Paper Title: Advocacy Organizations and the Field of Youth Development: Dynamics of Early Stages of Field Structuration

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Summary of Research

Organizations that advocate on behalf of children, youth, and their communities in two cities in the San Francisco Bay area are the focus of this study. We concentrate on the organizational field—organizations engaged in advocacy, their allies, targets, and funding sources—so as to examine both the extent of field structuration and field dynamics. Because this field is in an early stage of development, we emphasize field dynamics, describing a number of processes at work in shaping this emerging field.

Description

A number of organizations operate within (primarily) urban communities whose mission is to increase opportunities for children and youth to develop their full potential and to become effective participants in the civic life of our society. (DeVita and Mosher-Williams 2001; Private/Public Ventures, 2000) We have studied a wide range of these organizations—many of which provide services as well as leadership training and advocacy functions—in two quite different urban settings: Oakland and San Francisco, California.

Three organizations—Coleman Advocates for Children and Youth (Coleman) and San Francisco Organizing Project (SFOP) in San Francisco; and Oakland Community Organizations (OCO) in Oakland—provide the focal organizations for our study, but we see these organizations as part of a broader population of advocacy and service organizations operating within each of the two communities. In addition, two of these organizations—SFOP and OCO—are linked to the Pacific Institute for Community Organization (PICO), an inter-state network of faith-based, multi-racial local affiliates. We have conducted interviews with a range of participants in these organizations, observed their efforts in organizing across various events in the two communities over a two year period, and noted their connections to other partner organizations at neighborhood, community, state, and national levels.

It is obvious that the “field” of youth development is currently compartmentalized into many segments dominated by large and venerable organizations, ranging from educational organizations to juvenile justice and welfare systems. Advocacy organizations are critical of many of the current efforts of youth services organizations and seek to redefine the arena so as to view children and youth as assets and to reallocate funds to programs stressing development and prevention of problems rather than punishment and school-based conceptions of learning.

One aim of our study is to learn more about the actors and processes at work in the early stages of attempting to (re)construct an organizational field. Following DiMaggio and Powell (1983: 148), we define an organization field as:

those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar products and services. Drawing on organizational and neo-institutional theory, we observe that at the current time, efforts to reframe the field of child and youth development suffer from a low degree of “structuration” (Giddens 1979; DiMaggio 1983; Scott et al., 2000). Even though the number of

activities, flow of information, and interaction among field participants taking this stance has increased in recent decades, continuing indicators of weak structuration include:

- Low consensus on goals, priorities, logics for structuring the field
- The absence of certification and training programs
- Unclear models or archetypes for core organizations
- Absence of clear stratification pattern among participant organizations
- Substantial reliance on personalities and interpersonal relations rather than on regularized ties among organizations

On the other hand, drawing more on social movement theory, we observe important field dynamics at work (McAdam, McCarthy and Zald 1996; McAdam, Tarrow, and Tilly 2001).

First, there is much evidence of borrowing and learning across individuals, organizations, and communities. Ideas travel quickly, being readily adopted and adapted. Second, viewed over time, organizations display a diverse and changing repertoire of actions (Clemens 1997). Novel mobilization strategies and reform tactics have been developed and are continually being tested. Third, a variety of legitimation strategies are being pursued by advocacy organizations seeking to find new ways to be heard and be credited with an authoritative voice. Fourth, intermediaries such as foundations, consultants, and public-interest law firms appear to play a crucial role at this stage of development. Finally, there is evidence of several successful “hand-offs” as issues identified by social movements organizations in the “streets” are transferred to more established organizations, moving into the executive “suites.” Many of these transfers involve hand-overs from non-profit to public organizations. All of them entail considerable translation of the problems and proposed solutions. A continuing issue: what is lost in translation?

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Paper Number: PA041139

Paper Title: Drugs Into Bodies: Nonprofit Advocacy and Health Policy

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Summary of Research

Nonprofit scholars have been actively engaged in elaborating the role of nonprofit organizations in shaping the public agenda. Nonprofit scholarship and research on social movements have evolved somewhat separately but have shared concerns. This paper, based on an ethnographic study of New York's AIDS community, represents an effort to begin a greater synthesis between these two scholarly interests.

Description

One key question about the role of nonprofits in advocacy is whether or not funding from foundations and from government dilute their passion and lead them to refocus their missions. Scholars have also asked if the activism of social movements is in fact "worth the effort." In the face of inexorable social forces like technological and economic changes as well as a variety of other risks like industrial accidents and natural disasters and institutionalized power structures, the impact of collective action might be limited.

This paper is based on a larger study of the evolution of the AIDS community and its impact on public policy. The research included a number of different data collection techniques: 255 interviews, observation of numerous professional meetings and an extensive review of documents including published, unpublished and archival materials.

The study provides "thick description" of AIDS activism directed toward an elusive and complex set of goals: prolonging people's lives and ending the AIDS epidemic. It traces the sources of the widely publicized activism of ACT UP to an earlier set of developments: the AIDS underground which imported drugs from abroad and to an ideology that stressed that a cure existed but needed to be approved by a recalcitrant government bureaucracy. These efforts destabilized the existing system of drug approval. At the same time, the activities of insiders working within government and in mainstream AIDS organizations created a sense of urgency about the need to approve or to find a cure.

In the course of pursuing these goals, the AIDS community forwarded the interests of two unlikely allies: libertarians interested in reducing government regulation of the drug industry and drug companies some of which provided financing for AIDS organizations. Although a cure is yet to be discovered, the AIDS community benefited from its own efforts: drugs released in the mid-nineties that are keeping people alive longer were approved faster than "any new medications in history."

The paper argues that nonprofit organizations have an important and independent role in the policymaking process framing issues, identifying and testing out possible solutions, mobilizing money and people, and influencing public opinion. At the same time, it notes a paradox of advocacy noted by other scholars: that in the course of obtaining resources, advocacy organizations become embedded and interdependent with other institutional entities creating classic iron triangles and, in some cases iron pentagles. The impact of the AIDS community needs to be understood in the context of four other sets of actors which engaged in advocacy-related activities: foundations active in influencing AIDS policy; scientists; elected officials and government bureaucrats; and drug companies. The impact and nature of advocacy needs to be understood not only in terms of individual organizations themselves but in their partnerships and coalitions.

Paper Number: PA041179

Paper Title: The Policy Role of Foundations and the War of Ideas in American Politics

Author(s):

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Summary of Research

This paper is about the broad variation in support by foundations for the “war of ideas” in American politics. Conservatives are said to be winning the war of ideas because a coterie of foundations has underwritten the efforts of a range of nonprofit organizations to promote the virtues of smaller government. This paper starts with the premise that existing accounts are incomplete. I consider the true nature of the resource allocation by foundations, and I report on the results of a survey of foundation officers as well as on in-depth interviews with foundation officials.

Description

During the past two decades, conservative and liberal activists have fought feverishly to popularize ideas that create the context for policy debate in American politics. These fights have been waged among a range of nonprofit organizations – media organizations, publishing houses, citizen groups, public policy think tanks, and university research centers – the numbers of which have proliferated. The products of these efforts have been far ranging, including everything from highly specialized academic reports and policy briefs to political magazines and a variety of popular books focused on assailing ideological opponents. (The latter have frequently occupied top spots on the New York Times best-seller list.) The efforts to which I am referring contribute to a “war of ideas” in American politics among groups with fundamentally different views of the appropriate role of government, and talents and resources for making their views known.

This paper is about the broad variation in the nature and extent of efforts to support this war of ideas – especially among private and corporate foundations. During the past two decades, a growing portion of private and corporate foundation spending in the United States has been targeted to affect the context for political decision-making (Sims 2003, Dowie 2001). This spending is often directed at liberals or conservatives, progressives or libertarians, who have very different basic views about the appropriate role for government and the appropriate role for different levels of government. By many accounts, spending has not been equal between conservatives and liberals; the war of ideas is being won by conservatives (Hodgson 1996, Blumenthal 1988). And conservatives are winning because a coterie of private and corporate foundations has underwritten often effective organizational efforts to promote the virtues of smaller government (Covington 1997, Callahan 1999). According to several sources, foundations in the center and on the left have been less effective at supporting ideas that might suggest the opposite (e.g., Alterman 2003, Shuman 1998). Whether or not this alleged disparity in resource allocation actually affects American politics – whether conservatives really are winning a war of ideas (and what that even means) – is addressed in my larger book project.

This paper considers the true nature and extent of this resource disparity. Does it really exist? Progressive advocates argue that it is largely thanks to disproportionate spending by certain foundations that conservative or free market ideas (and their promoters) have been winning battles in the war of ideas in American politics – battles about shrinking the role of the federal government, deregulation, and privatization. Corporate foundations and conservative private foundations have been supporting conservative organizations that have used resources effectively to promote and popularize a conservative set of ideas in Washington and around the country (Covington 1997). The complaint is that liberal foundations are not spending near the amount that conservative foundations are, and therefore they are missing the chance to be an effective counterweight in the war of ideas (Alterman 2003, Shuman 1998).

But my preliminary research suggests that this alleged funding disparity may not actually exist among

conservative and progressive foundations. In fact, at least in relation to some kinds of organizations waging battle in the war of ideas, what might legitimately be considered liberal or progressive foundations are spending more than their conservative counterparts (Rich 2003). The interesting question, instead then, is why, given this clarification of the foundation funding environment, do conservatives nevertheless appear to be better equipped and organized in their efforts to advance an ideological agenda in Washington, D.C. and state capitals. If differences in basic resources do not account for disparities in the organizational numbers and behaviors of those waging a war of ideas, what other characteristics of funders matter instead?

I investigate hypotheses drawn from political science and organizational sociology that suggest that (1) differences in the purposes for which funds are allocated by foundations and (2) differences in the habits and preferences of funders may have more to do with the possibilities for both sides in the war of ideas – conservative and liberal – than the volume of resources spent. I examine whether progressive or liberal foundations are organized to provide effective support to a broad-based war of ideas – or even to see that as their role. By some accounts, these foundations tend to be organized by issue area, which means that prospective grantees are organized that way too – around women’s issues, poverty, or the environment – rather than taking on the broad range of issues with which Congress and the President deal (Rich 2004). Liberal or progressive foundations also appear to prefer to support projects – specific, well-defined, discreet projects – rather than general operating expenses. For liberal or progressive organizations, this can make just keeping the doors open difficult. What is the nature of the difference in view and motivation by funders on the left in relationship to the war of ideas versus those on the right?

My paper will report on the results of a mail survey of targeted foundation directors and program officers as well as thirty in-depth interviews with foundation officials and others in the philanthropic community. The survey asks questions about foundation missions, program officers’ grant decision criteria, and perceptions about the role of foundations in American policymaking. It is being administered to 120 private foundations and 90 corporate foundations identified as having made grants to policy organizations in the last five years. The in-depth interviews provide opportunity to explore in detail the habits and motivations of funders of the war of ideas – both conservative and liberal.

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Paper Number: PA041263

Paper Title: Why do so few nonprofit organizations advocate? Exploring Indiana's Iron Cage

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Summary of Research

Using data from a recently completed survey of a broad section of Indiana nonprofit organizations, this paper explores the impact of an organization's tax status and the degree of homogenization and formalization on the probability of an organization reporting engaging in advocacy. Preliminary results indicate that the effect of tax status, homogenizing and formalizing pressures on the advocacy behaviors of Indiana nonprofit organizations are not substantively borne out. After accounting for the effects of size and organizational field, organizations with information technology and volunteer management infrastructures are the ones with the highest probability to engage in advocacy behaviors.

Description

A recently completed survey of a broad cross-section of Indiana nonprofit organizations (see Grønberg and Clerkin (2003) for a description of the sample and the composition of respondents) indicates that only 27 percent of these organizations report that they engage in some form of advocating for the interest of a specific group, for a public policy issue, or for political purposes. According to Douglas (1987), one of the political theories of the nonprofit sector is based on the classic pluralist argument that a vibrant voluntary nonprofit sector allows for the representation of a diversity of views and interest in the public sphere. This apparent dearth of nonprofits that report engaging in some form of advocacy may raise concerns about the vitality of the sector and its ability to represent the interests of members and beneficiaries to the mega-institutions of society (Berger and Neuhaus, 1977).

This paper explores two topics. First, Berry and Arons (2003) argue that few 501(c)3 organizations engage in advocacy because of a chilling effect restrictions on lobbying has on these organizations. Given that the respondents represent a more full range of nonprofit organizations than just the 501(c)3 charities, the data used for this paper can be tested for differences in proportion of organizations that report engaging in advocacy by IRS tax-exempt classification, as well as by organizations that are not registered with the IRS. Initial results indicate that there are no statistically significant differences by tax-exempt status, hinting that there are greater impediments to nonprofits engaging in advocacy other than IRS 501(c)3 status.

Second, with the lack of significant explanatory power attributable to tax status, this paper explores an alternative explanation for this lack of advocacy by Indiana nonprofit organizations. According to Myer & Rowan (1977) and Powell & DiMaggio (1983) organizations institutionalize structures and become more formalized in order to gain legitimacy in their organizational field. This paper uses the ecological version of neo-institutionalism, rather than the phenomenological version (Zucker, 1991), to develop measures of homogenization and formalization of Indiana nonprofit organizations. However, the literature (e.g. Paradis & Cummings, 1986; Lune & Martinez, 1999) is fairly mixed as to how such institutionalization and formalization impacts an organization's ability to maintain its social mission focus.

A series of hypotheses are developed to relate the degree of homogenization of a nonprofit organization to its organizational field and the degree of organizational formalization and whether or not an organization reports engaging in some form of advocacy. Logistic regressions are performed to test these hypotheses. Preliminary results indicate the hypothesized deleterious effect that such homogenizing and formalizing pressures have on the advocacy behaviors of Indiana nonprofit organizations is not substantively borne out in these data. After accounting for the effects of size and organizational field, organizations with information technology and volunteer management infrastructures are the ones with the highest probability to engage in advocacy behaviors.

The communication savvy and potential to mobilize volunteers in their advocacy efforts represents a potentially powerful and flexible capacity to advocate on behalf of the needs and interests of Hoosiers. At the same time, these technologies can also represent barriers to entry into the advocacy arena; only organizations with the resources and expertise to employ these tools have access. If this threshold of technological and volunteer formalization also demarcates different preferences organizations have for the issues and groups they advocate for, the full range of needs may not be adequately represented in this arena.

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