**Paper Number:** CO043403

**Paper Title:** Towards a Comprehensive Theory of Nonprofit Finance

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**Summary of Research**

Nonprofits vary widely in their mixes of revenue and other sources of support.  Thus, nonprofit finance theory must address two basic goals: (a) clarifying the rationales for engaging various types of income – fees, donations, investment income, government funding, gifts or services in-kind, etc.; and (b) providing a basis for choosing appropriate income portfolios.  This colloquy will explore the theoretical underpinnings of alternative nonprofit income sources and mixes, and how an overall theory could guide nonprofit financial decisions.  This session will build on the successful colloquy on this subject held at the 2003 conference.

**Description**

Nonprofit organizations are unusual in the manner in which they finance themselves.  Unlike private, for-profit firms, they do not rely entirely on sales of goods and services, and unlike government they do not have powers of taxation through which they can command public support.  And while nonprofits receive significantly more support from voluntary gifts and grants than other types of organizations, they are not, on average, primarily dependent on this source of funding either.   Nonprofits are unique in the sense that they generally do not rely on a single type of income, and moreover, that they vary widely in the mix of income sources that they engage.  As a result, a comprehensive theory of nonprofit finance would require two basic parts:  First, a theory should explain the rationale and circumstances under which each type of income is appropriate.  Second, a theory should explain what mixes of income sources are appropriate under different circumstances.  That is, a full theory of nonprofit finance must address the question of nonprofit income and revenue portfolios.

Nonprofit organizations draw on a wide spectrum of income sources, including fees, profits from commercial ventures, gifts and grants from individuals, foundations and corporations, government grants and contracts, investment income from financial assets including endowments, gifts-in-kind and bartering arrangements, borrowing, volunteering, and so on.  Existing fragments of theory from the economics, accounting and nonprofit management literatures provide a basis for understanding the role of some of these income streams in financing nonprofit operations, while in other cases existing theory is scant. . One contributor to this colloquy will provide an overview of the requirements for an overall theory of nonprofit finance.  Four or five additional contributors will discuss the rationale and theoretical underpinnings of particular sources of nonprofit finance.  A sixth contributor will address the conceptual underpinnings of a portfolio theory of nonprofit finance.  Each presentation will be five minutes in length and each will be accompanied by a two page summary paper.  Most of the session will be devoted to

dialogue with the audience and amongst the panelists.

An introductory presentation will focus on the need for a comprehensive theory of nonprofit finance.  It will cite the variety of sources of nonprofit income and the widely varying mixes of income support that nonprofits employ.  It will also note the varying degrees to which theory is available to understand the role of particular sources, and the incompleteness of existing frameworks for understanding nonprofit income and asset portfolios.  It will call for a long term effort to synthesize an integrated theory of nonprofit finance.

The second presentation will examine the place of earned revenue in nonprofit finance. It will argue that the role of earned income is supported by theory that stipulates a role for nonprofits in the provision of private goods associated with external benefits, where some level of fee income is efficient, and/or where contract-failure in the for-profit sector generates specific demands for nonprofit services.  The presentation will also draw on the theory of nonprofits as multi-product firms, under which nonprofits exploit market niches where they can generate profits, in order to subsidize other mission-related services.  In this connection, it will be argued that nonprofit managers can best undertake profit-making activities where these activities enjoy cost complementarities with direct mission-related activities and/or where they also provide direct mission-related benefits.  Membership dues as a form of earned income will also be considered, specifically economic tradeoffs in setting dues for membership organizations.  Dues can be uniform or differentiated to address the organization's distributional and recruitment objectives.  However, radical reforms in dues structures (such as introducing income-based sliding scales) create substantial uncertainty as to whether revenue needs can be met.

The third presentation will discuss government financing of nonprofit organizations, noting that the role of government financing of nonprofits is supported by third-party government theory that casts nonprofits as potentially efficient providers of public services under contract with government (reducing government's transactions costs), where nonprofits can be more responsive to community needs than government, and where they can leverage voluntary support to provide services more robustly than would be possible under direct government provision.  The presentation will also emphasize the limitations of direct government funding, particularly where public tastes are diverse, and the significance of indirect government funding through tax exemption.

The fourth presentation will consider the place of individual giving in nonprofit finance.  It will argue that the role of contributions is supported by economic theory of nonprofits as voluntary providers of public goods, in the absence of government provision or where significant demands of minorities are not fully served; and by market failure theory which stipulates that services featuring external benefits need to be subsidized from other sources in order to maximize mission-related social benefits.

The fifth presentation will consider the role of foundation funding in nonprofit organization finance.  Given the high visibility of these sources, coupled with the relatively small proportions of overall nonprofit funds which they provide, this presentation will build on the concept of leverage.  In particular, the role of funds from these sources will be considered in the context of foundations' leverage in addressing their social missions or the preferences of their major donors, and corporations seeking to advance their market strategies.  The presentation will argue that operating nonprofits should examine the alignment between their own missions and strategies and those of institutional funders in order to determine the appropriateness of institutional funding.

A sixth presentation will focus on the role of investment income in nonprofit finance.  It will characterize such income as "fixed revenue" independent of organizational output, which can be effectively used to offset fixed costs in order to enable nonprofits to maximize net social benefits at the margin.  More generally, investment income may be considered as a source of subsidy, allowing nonprofits to account for external benefits associated with consumption of its services in the marketplace.  Finally, investment revenue will be considered in relation to the direct social benefits it may produce or retard – for example, the social returns on "program-related investments".

A seventh presentation will focus more specifically on the role of endowments in contributing to the ongoing capital needs of nonprofits, through retained earnings, capital campaigns, major gifts, and reinvested dividend income.  It also will draw on theory of giving and incentive effects associated donors' preferences for control and recognition, and on production theory and the efficiency effects of constraints on the use of restricted funds.  Additionally, drawing on theory of "organizational slack", revenues from endowments will be considered as sources of potential organizational stability, serving as "cushions" in economic downturns or insurance against unanticipated contingencies, and as contributors to potential organizational deterioration stemming from their tenuous connection to sources of mission accountability.

The final presentation will focus on revenue portfolios and existing frameworks for nonprofits to choose appropriate mixes of revenue from different sources.  Several different considerations which affect the viability and desirability of a revenue portfolio, including financial balance, strategic positioning and risk will be discussed.  Alternative frameworks from the literature will be cited and assessed for their adequacy and completeness, and suggestions will be made for future development of a nonprofit revenue portfolio assessment framework.

**Paper Title:** Citizen Participation through Nonprofit Organizations and Philanthropy

**Author(s):**

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**Description**

A growing number of public administration scholars and practitioners believe that a collaborative relationship between citizens and public administrators is desirable—even necessary—for a legitimate and effective public administration and governance system (Box, 1998; Denhardt and Denhardt 2000; King and Stivers 1998; McSwite 1997; Stivers 1994). These scholars emphasize: "giving citizens the knowledge and techniques they need to deal with public policy issues and providing an open and non-threatening forum for deliberation and decision making" (Box et al. 2001, 616). Emerging from this philosophy, the three papers that make up this panel explore areas where citizens—through their participation in nonprofit and philanthropic organizations—participate in governance at many different levels.

Eikenberry's paper, "Giving Circles and the Democratization of Philanthropy: Preliminary Findings from a Qualitative Study," looks at collaborative philanthropic participation and its relation to democracy and civic engagement. The purpose of this qualitative study is to create a model for the "democratization of philanthropy," to better understand the emergence of new philanthropic mechanisms within the "new philanthropy" environment—giving circles—and to determine whether or not giving circles serve to democratize philanthropy. The study asks: Do giving circles provide opportunities for democratic participation, broaden individuals' identification with the needs of others, and expand who benefits from philanthropy? Interviews were conducted with several members of three giving circles in the United States as well as with philanthropic professionals familiar with giving circles.

Kluver's paper, "Exploring an Indirect Role of Nonprofit Organizations: Governing Nonprofits," is a multiple case study that examines the indirect role nonprofit organizations – governing nonprofits – play in governance, asking the questions: How are American cities utilizing nonprofit organizations to create viable citizen organization and participation structures in governance, particularly in an environment that does not support a robust citizen participation structure? What have been the advantages and disadvantages of these models and what have been their effects on citizen governance?

Leuenberger, in "Purchasing Voice: Three Experiments in the Nebraska Behavioral Health System," explores three attempts to change citizen participation systems in Nebraska's behavioral health processes and looks at how the relationship between government agencies, non-profit agencies, and behavioral health services recipients have been affected. Family Group Conferencing, Integrated Care and Coordination, and NEBHANDS, a faith and community-based initiative, are the programs that are explored. The presentation discusses the benefits and costs of each of these programs and offers initial outcomes for Nebraska's behavioral health system.

**Paper Title:**  Giving Circles and the Democratization of Philanthropy: Preliminary Findings from a
                  Qualitative Study

**Author(s):**

 Angela Eikenberry, University of Nebraska at Omaha, Omaha, NE, USA

**Summary of Research**
The purpose of this qualitative study is to create a model for the "democratization of philanthropy," to
better understand the emergence of new philanthropic mechanisms within the "new philanthropy"
environment—giving circles—and to determine whether or not giving circles serve to democratize
philanthropy. Interviews were conducted with several members of three giving circles as well as with
philanthropic professionals familiar with giving circles.  Documents were analyzed for further information
and for verification.  The paper provides preliminary findings from the study.

**Description**

Literature Review
The view that many have of philanthropy and its institutions in the United States, and the one on which
much public policy is based, was established by Alexis de Tocqueville (1835/2001) in the 19th century.
This view emphasizes the role philanthropic institutions play in promoting civic engagement and
enhancing democracy. Yet, as early as the mid-19th century, and continuing through today,
philanthropy has become much more modernized—rationalized, professionalized, and
marketized—which has meant reduced opportunity for democratic, face-to-face, local citizen
participation in the sense praised by Tocqueville and others (Gross, 2003; Lubove, 1965; Putnam,
1995, 2000; Skocpol, 2002). Added to the problems created by the modernization of the field is the
"dark side" of philanthropy that few neo-Tocquevillians and other philanthropic supporters consider.
Since at least the Founding era, philanthropy and its institutions have represented a dilemma for
Americans because they have been both a tool for and a threat to democracy.  Philanthropy and its
institutions not only serve as mechanisms for civic participation, but also as a threat to political and
social institutions by maintaining social and economic divisions and inequality. This is so because
philanthropy in the U. S. generally does not redistribute resources (Diaz, 2002; Odendahl, 1990;
Ostrower, 1995; Salamon, 1992; Wolpert, 1993), is fragmented and focuses on the short-term
(Poppendieck, 1998; Roelofs, 1995; Wagner, 2000), maintains a hegemony of elites (Arnove, 1980;
Fisher, 1983; Roelofs, 1995), and creates an "us vs. them" asymmetric relationship among citizens
(Addams, 1902; May, 2000; Poppendieck, 1998); all of which are detrimental to democracy.
Yet, recent changes taking place at the societal level and within the philanthropic world may run counter
to these problematic trends.  Within a postmodern environment, there has been a revitalized interest in
community and civic participation (Box, 1998, pp. 6-8; Delanty, 2000, pp. 119-122; Etzioni, 1993;
Putnam, 2000; Staeheli, 1997). Within this context, new avenues and organizations of participation
have emerged that are redefining our understandings of community (Wuthnow, 1994). Embedded
within these larger societal trends, several scholars, practitioners, and journalists claim a new era has
begun in American philanthropy (Bianchi, 2000; Byrne, 2002; Cobb, 2002; McCully, 2000; Schweitzer,
2000; Streisand, 2001).  This shift has manifested itself in several ways, including the introduction of
new funding mechanisms and philosophies to enable donors to reach their philanthropic goals. One
such funding mechanism is the "giving circle." A giving circle is described as a cross between a book
club and investment group (Jones, 2000) and entails individuals "pooling their resources in support of
organizations of mutual interest" (Schweitzer, 2000, p. 32). Literature in the popular press suggests
giving circles are about more than giving money, however; they also involve people in local
communities coming together to explore the meaning of philanthropy, volunteer their time, and learn
about community needs (Connor, 2002; Kong, 2001; Matson, 1996). Anecdotal evidence suggests
participation in giving circles serves to increase members' personal involvement in the community and
the amount they give, and exposes members to issues and areas outside their typical frame of
reference (Whitford, 2000).  Tracy Gary asserts that giving circles represent the "democratization of
philanthropy" (Paulson, 2001, p. 18).  It is the focus of this study to better understand giving circles and

whether they do indeed serve to democratize philanthropy. The study asks: Do giving circles provide opportunities for democratic participation, broaden individuals' identification with the needs of others, and expand who benefits from philanthropy?

## Problem to be Addressed

With the changes in philanthropy over time—its modernization—and subsequent negative impacts on participation, philanthropy has become weaker in relation to supporting civic engagement and democracy.  This exacerbates the ongoing dilemma of philanthropy: that it can also serve as a threat to democracy.  Regardless of these issues, the Tocquevillian myth of philanthropy persists and under girds recent calls for an increasing reliance on philanthropic organizations to provide public goods and services (Beito, Gordon, & Tabarrok, 2002; Olasky, 1992).  Government officials have heeded this call, implementing several initiatives to utilize philanthropic organizations to a greater degree (Merrett, 2001). This is despite stagnant or declining private philanthropic support for charitable organizations (Burke, 2001, p. 185; Hodgkinson & Weitzman, 2000). Because the socio-economic and political environment are unlikely to change anytime soon, especially given the historic mistrust of government in the United States, it is imperative to find ways to make philanthropy more democratic while reducing the negative or anti-democratic aspects of philanthropy. To do this, it is important to identify and better understand philanthropic mechanisms that may serve to democratize philanthropy. Giving circles may be helpful in this regard and the focus of the study is to understand whether they enhance democracy.

## Approach

The methodology chosen for use in this study is a qualitative, multiple case study comparing and contrasting three types of giving circles.  Data will be gathered mainly from giving circle participants through interviews and document analysis. Professionals in the field, creating giving circles and working with giving circle participants, will also interviewed.

## Contribution to Field

Except for a few articles in the popular press and some "how-to" books and websites, very little research has been done on giving circles and their impacts. This study will be one of the first to explore this new area and introduce information about giving circles to practitioners and academics in the field. This will be particularly significant for community foundations and others who have made a concerted effort recently to promote giving circles as a means for improving and increasing philanthropy in various communities (i.e. Giving Circles, 2002; Information, 2000; Start a Giving Circle, 2003). It may also be helpful to public administrators who are seeking ways to increase citizen involvement in decision-making processes and in enhancing revenue sources for public services.  Additionally, this study will contribute to the scholarship on philanthropy in general and its relationship to democracy in the United States in particular.  It does this by defining more clearly what is meant by "democratizing philanthropy," as no clear or comprehensive definition currently exists; as well as by linking scholarship on philanthropy more directly with that of democratic theory.  This study also contributes to scholarship on democracy and social justice by seeking to understand the current and potential role philanthropic mechanisms might play in bringing about a more democratic social and economic environment.  This is important because the current environment is such that government policies are creating an increasing reliance on philanthropy to support and provide services in the face of large social and economic disparities.

**Paper Number:**   PN042019.2

**Paper Title:** Exploring an Indirect Role for Nonprofit Organizations:  Governing Nonprofits

**Author(s):**

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**Summary of Research**
This study attempts to further knowledge of citizen participation efforts in the U. S. Designed as a collective case study, the research focuses on cities where the effort to build participation is in its early stages of development. The research explores the indirect role of nonprofit organizations–governing nonprofits–and asks: How are American cities utilizing nonprofit organizations to create viable citizen organization and participation structures in governance, particularly in an environment that does not support a robust citizen participation structure?  What have been the advantages and disadvantages of these models and what have been their effects on citizen governance?

**Description**

Literature Review
"The key to making America more participatory may be making political participation more meaningful in the context of the communities that people live in" (Berry, et al., 1993, p. 4)

The concept of community governance lies in citizen action, which is the relationship between the citizens, public administration, and the community setting (Box, 1999, p. 280).   The basic assumption of community governance is that "by enhancing the ability of local participation, people can learn to manage their own community and future"(Jun, 1999, p. 250).  This form of governance enhances civil society and transforms the power relations within the community by democratizing the distribution of power so that no one single source has the authoritative power.   Not intended to be a full alternative to current governance practices, this form of governance is a complementary one by creating a space for discourse and deliberative democracy, leading to the exploration of alternatives and new ideas and the "bringing people out of isolation and into the community" (Box quoted in Jun, 1999, pp. 249-250).

It is the aspect of creating a space for discourse and deliberative democracy that is the focus of this presentation/paper – specifically the role of nonprofits in encouraging citizen participation and involvement within cities.  A potential space for creating meaningful citizen participation efforts may lie in the use of neighborhoods – in grass-root development and thus bypassing the barriers associated with "mainstream culture and administrative practices" (Box, 1999, p. 284).  Berry, Portney & Thompson suggest the "primary agent of political dialogue and citizen influence" (1993, p. 12) occurs at the neighborhood level, where there is a possibility of "face-to-face" interaction -- the heart of participatory democracy theory (1993, p.10).

However, there are limitations in utilizing neighborhood-based governance entities as drivers for citizen participation and these include: the need for organizational and technical capacity building of neighborhood associations (Berry et al., 1993, p. 72); the impediments of public mandates complicating the devolution of responsibility to the neighborhood level (p. 72); and the importance of "links between citizens and neighborhood associations; the strength of the links between these associations and city policymakers; and the balance in the strengths of the associations that represent citizens of differing ethnic, social, and economic characteristics" (p. 171; Musso, 1999, p. 350).

A key to creating space for participatory democracy is the development of a "robust participation structure" which enables citizen participation efforts to survive (Berry, et al., 1993, p. 53).  Nonprofit organizations – specifically grass-root neighborhood organizations – can be key in developing and enhancing the "robust" structure needed for promotion of citizen participation.  Nonprofit organizations are recognized for their contributions to creating a vibrant democracy (social capital) – in two basic ways:  externally – by "allowing individuals to express their interests and demands on government and

to protect themselves from abuses of power by their political leaders" (Putnam, 2000, p. 338); and internally – by instilling within their members "habits of cooperation and public-spiritedness, as well as the practical skills necessary to partake in public life" (p. 338).

Nonprofit organizations occupy a number of direct roles, visible and transparent, within society such as: innovators (Miller, 1994); watchdogs; bridges or linkages (Covey, 1992); policy advocates; civic nonprofits; and policy implementers (Ferris, 1998). In addition to these direct roles, nonprofit organizations also occupy an indirect role - governing nonprofits. A governing nonprofit is where the nonprofit organization "acts independent of government ….serve as a replacement to government….[and] provide an alternative mechanism for collective decision making around both policy formulation and implementation" (Hula & Jackson-Elmorre, 2001, p. 331). Little attention has been given to the understanding of nonprofits in indirect roles (ex: the governing nonprofits) (Hula & Jackson-Elmorre, 2001) or only "intermittent attention" has been given towards understanding the relationship between voluntary action and nonprofit organizations in expanding the "democratic horizon" (Van Til, -----). It is suggested that there is a need to further this research as the nonprofit sector increasingly becomes more active in affecting political and policy change.

Approach
The design of this research is a collective case study of cities, particularly those where the effort to build participation is in its early stages of development. Research data is gathered through the methods of participant observation, informal interviews, document analysis, and literature review. The research attempts to answer the questions of: How are American cities utilizing nonprofit organizations to create viable citizen organization and participation structures in governance, particularly in an environment that does not support a robust citizen participation structure? What have been the advantages and disadvantages of these models and what have been their effects on citizen governance?

Contribution to the Field
This research attempts to further our knowledge of the relationship between nonprofit organizations and citizen participation. The research also attempts to expand our understanding of the indirect role of governing nonprofits – defining their potential impact towards enabling, as well as identifying their limitations, towards creating a robust citizen participation structure.

**Paper Number:**   PN042019.3

**Paper Title:**  Purchasing Voice: Three Experiments in the Nebraska Behavioral Health System

**Author(s):**

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**Summary of Research**

This presentation explores three attempts to change participation systems in Nebraska's behavioral health processes and looks at how the relationship between government agencies, non-profit agencies, and behavioral health services recipients have been affected. Family Group Conferencing, Integrated Care and Coordination, and the NEBHANDS, a faith and community-based initiative, are the programs that are explored. The presentation will discuss the benefits and costs of each of these programs and will offer initial outcomes for Nebraska's behavioral health system.

**Description**

Background and Literature Review
Public agencies and non-profit organizations have and continue to struggle with the extent to which citizens should be involved in the decision making processes, especially when citizens are direct service recipients. The debate is revisited in Nebraska due to recently implemented models of behavioral health reform. Inclusion of the voice of children, of mentally ill clients, and of minority group members in decision making is described as being increasingly important to equity in social welfare systems (Wilson 2003, 38; Cohen 2003, 145, Garland, Hough, Landsverk, and Brown 2001: 123). Three programs, Family Group Conferencing (FGC), Intensive Care and Coordination Units (ICCU), and the NEBHANDS Faith-based and Community Initiative were created in response to state and federal level government efforts to answer questions of equity and efficiency. The cases include 1. a contractual relationship between non-profit agencies and state government, 2. a partnership between state and county governments who contract with each other and jointly regulate the state's contracts with non-profits, and 3.a federal grant to a state university institution to fund and build non-profit organizations with faith-based perspectives.

The first of these programs, FGC, has the goal of increasing customer participation for individuals such as those involved with the Nebraska Child Protective Services System (Brooks 1999, 298). A network of non-profit organizations serve as "neutral facilitators" negotiating the relationship between a state agency, customers receiving services, and the juvenile services legal system. Families are invited to be a part of a one time, all day planning process that allows them to create their own rehabilitation plan to present to the juvenile court and to the state agency. A secondary potential outcome of the program is increased efficiency of resources when customers are allowed to choose resources (Brooks 1999, 298). Waste may be reduced as cooperation with services is increased and payment for unused services is eliminated. The non-profit organizations are paid by and contracted by the state agency to provide this intermediary role between citizens, state government, and courts. Interestingly, most FGC sessions are ordered by the court system and referral is made by the state agency.

The second program demonstrates a plan for the relationship between non-profits, state government, county government, and citizens in the Nebraska Child Protective Services System. A response to a perceived lack of customer inclusion in a behavioral health system may be due to managed care implementation and fiscal/economic issues (Walsh, Brabeck, and Howard 2000, 190, Leslie 2003, 367). Several Intensive Care and Coordination Units have the seemingly conflicting goals of including family voice in the decision making process and regulating to assure fiscal efficiency. In this process, families have a role in the planning of their rehabilitation plan on an ongoing basis. ICCU workers, contracted child protective services workers with reduced case load, facilitate monthly meetings which include families and professionals. The ICCU workers also closely monitor case by case spending for behavioral health services and monitor state contracts. The ICCU's are contracted out to non-profit agencies and county governments, who then regulate the other contractors/direct service providers.

The third program is a federally funded faith-based initiative program to develop the infrastructure of non-profit agencies with missions based in behavioral health services. NEBHANDS faith-based and

community initiative provides funding and technical assistance to non-profit organizations with the goal of increasing the capacity and attainment of state and federal grants. There are implications for the boundaries of separation of church and state as the initiative is managed by a policy center housed in a public institution of higher learning.

Social services spending, at the state and federal level have been reduced significantly in the last ten years (Motenko et al 1995: 456). Non-profit organizations and government collaborate within models such as those described above in order to increase citizen participation and to reduce spending concurrently. As this occurs, there is a blurring of the distinction between government agencies and private agencies. It is suggested that the privatization/contracting of child welfare services "channels public dollars into private hands, strengthens the two-class welfare state and reproduces the inequality of the free market" and that it extracts the power of the voices of customers in order to promote economic goals (Abramovitz 1989, 257, Petr and Johnson 1999, 263, Dominelli 1999, 14). These views are in contrast with the view that the behavioral health system service providers need "to reach across agency and disciplinary boundaries" in order to increase effectiveness and cost efficiency (Walsh, Brabeck, and Howard 2000, 184, Power 2003, 3). There is a struggle within the profession and practice of social work to balance the social justice perspective with economic liberalization and privatization (Gal and Weiss 2000, 485 & 497).

This paper explores the changing relationship between non-profits and government. It explores the consequences of these changes for citizen/customers. Finally, it researches the effectiveness of attempting to manage the goals of participation and economic efficiency in systems where the distinction between regulator and regulated and between public and non-profit are increasingly murky.

Approach
This research project explores three models of customer participation in behavioral health system design. The research is based interviews and participant observation of agency leaders using the three models for service delivery. The analysis uses interview questions regarding the normative basis for customer inclusion in the governmental and non-profit agency contracts. The economic consequences, positive and negative, of customer inclusion are also researched.

Contribution to the Field
This research attempts to further our knowledge of the relationship between nonprofit organizations, government, and citizen participation.  It explores the structural strengths and limitations of models of participation from a sociological/normative and from an economic point of view.

**Paper Title:** Understanding and explaining the nonprofit sector: Challenges and opportunities learned from five area studies on nonprofit organizations

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**Summary of Research**

This colloquy draws on expertise from five regional research centers that have conducted studies to describe the size and scope of nonprofits.  The participants provide perspectives on the challenges of collecting and using primary and secondary data sources to define and explain the size, scope, and impact of the nonprofit sector. They will explore commonalities and differences in approach, methodologies, analysis and findings, and the implications for theory, policy, and research.  The session will provide an engaging discussion on key issues and provide guidance for others who are interested in conducting area studies on nonprofits.

**Description**

It is widely recognized that sufficient and accurate data on the nonprofit sector is difficult if not impossible to obtain (cf. Dimaggio, Weiss, & Clotfelter, 2002).  Participants in this colloquy provide perspectives on the challenges of collecting and using primary and secondary data sources to define and explain the size, scope and impact of the nonprofit sector. Participants will review the work of five different regional centers that have conducted extensive research on the nonprofit sector.  They have conducted research which describes the scope of nonprofits across states, counties, and large metropolitan areas.  The participants will explore commonalities and differences in approach, methodologies, analysis and findings, and the implications for theory, policy, and research.

Below is a brief description of the each participant's discussion.

The first presenter will discuss the work of their center which recently conducted a large-scale survey of human service nonprofits in Los Angeles County. The project had two major aspects.  First, researchers merged together seven different existing datasets, both public and private, to try and approximate the universe of human service nonprofits in Los Angeles County.  They then interviewed by telephone a stratified random sample (by revenue and location) of organizations in the summer of 2002, asking them about a variety of different issues, including governance, staffing, finances, and challenges.  They collected information on 707 organizations, speaking to mostly executive directors, and had a final response rate of 53%.

The presenter will discuss some of the technical issues involved in working with public nonprofit datasets, such as those from NCCS, and merging them with private datasets, focusing on the implications of those issues for knowledge building and data comparability and reliability.  The presenter will also discuss what benefits resulted from the use of private datasets in the study and strategies researchers can use to make these sorts of datasets more easily available.  Some of the specific difficulties involved in conducting large scale surveys with nonprofits, such as contacting issues, will also be discussed, as well as how that relates to the concerns brought up earlier regarding

public datasets. Finally, the presenter will raise several questions about how we can make research more useful and the process less demanding for respondents as well as how to maximize the value of the data once it is collected it.

The second presenter, who draws on years of experience collecting, analyzing, and compiling information on nonprofits in California, will address the following questions. What are the challenges of understanding the full scope of the sector in a state the size of California? In particular, what are the limitations of each of the most typically used sources of statistical information on the nonprofit sector (IRS BMF, Registry of Charitable Trust and the Secretary of State's listing of incorporated mutual and public benefit organizations). What are other sources of information that might be productive in more fully describing the sector? What strategies should we collectively advocated in public data collection and dissemination to help with knowledge of the nonprofit sector as a whole?

The third presenter will discuss a research project entitled "The Indiana Nonprofit Survey: Key Findings" - this presentation will briefly describe the unique methodology used to survey 2,205 Indiana nonprofits of all types (completed in 2002) and then highlight selected findings related to the impact of community and policy changes; nature of affiliations, networking and collaborations; and/or challenges in managing financial, human, and other resources.

The fourth presenter will review their center's efforts to describe and profile the nonprofit sector in the State of Arizona. Existing and ongoing research projects include developing a report on the size and scope of the sector which combined multiple data sources (e.g., state and national data sets), a proprietary wage and salary study, and a giving and volunteering study.  The discussion will review challenges and limitations related to obtaining accurate and current information about the nonprofit sector. In particular, the presenters will discuss how they developed an estimated profile of the nonprofit workforce that includes unpaid labor. Much of the work of the sector is conducted by volunteers and in an attempt to better reflect the benefits of that "workforce" we combined US Business Census data, reported volunteer participation, and estimates of church-based employment.  The use of multiple data sources highlights some of the methodological and conceptual challenges reflected in understanding the true size, scope, and impact of nonprofit organizations.

The final presenter will discuss their project that focuses on a broad array of organizational and philanthropic issues facing the social sector. Researchers are analyzing data on the more than 9,000 501(c)(3) nonprofits in the San Francisco Bay Area and following a random sample of 200 organizations over time using a multi-method approach. Discussion will focus on the pros and cons of IRS form 990 data and argue for the importance of supplementing such analysis with in-depth interviews. Such techniques complement the financial data available through the 990 forms, collecting much more comprehensive quantitative and qualitative data and providing insight into the value of the variables presently available to researchers.

Each presenter will profile the unique aspects of their work and the session will conclude with ample opportunity for discussion and interaction among participants and the audience. The session will provide an engaging discussion on key issues related to researching nonprofit organizations and provide guidance for others who are interested in conducting area studies on nonprofits.

**Paper Number:** PN042022

**Paper Title:** A comparison of prescriptive, empirical and theory-based approaches to understanding nonprofit boards

**Author(s):**

Vic Murray, University of Victoria, Victoria, CANADA

**Description**

Brief Overview of Panel:

The point of view to be taken by this panel is that the attempt to understand nonprofit boards and what makes them effective is often segmented into several approaches that do not connect with one another.

For example, there is a long history of prescriptive, "how-to-do-it" writing on boards, the vast bulk of which makes no reference to the equally long history of empirical research into how boards actually operate. Similarly, a great deal of empirical research into boards is essentially atheoretical, taking little cognizance of developments in the larger world of organization theory of which it is a part.

This panel will feature three papers that approach boards from the above three perspectives. The paper by Murray ("Nonprofit boards: A comparison of normative prescriptions and empirical research results") will look at how empirical research results support or contradict several common so-called "best practice" prescriptions offered by a sample of the normative literature that makes no reference to research. The conclusions to the paper will also feature a list of board management issues requiring further research.

The paper by Mel Gill ("Linking board governance to organizational performance: Prospecting for practical methodologies") will explore one of the most challenging aspects of research into nonprofit board effectiveness—that of defining and measuring the impact of board behavior on the effectiveness of the organization as a whole.

The paper by Pat Bradshaw and Sue Inglis ("Evolving paradigms in thinking about nonprofit boards: Exploring the implications of grounded theory research") will present the results of a qualitative study of board diversity in which a more radical theory of the rhetoric and practice of diversity emerged. This reminds us of the taken-for-granted macro-theoretical assumptions that lie behind much of the empirical and normative writing on nonprofit boards.

Taken together, these papers should provide a thought-provoking message regarding the need for more and better integration between the prescriptive, empirical and theory-based approaches to understanding nonprofit boards.

**Paper Number:**   PN042022.1

**Paper Title:**  Nonprofit boards: A comparison of normative prescriptions and empirical research results

**Author(s):**

 Vic Murray, University of Victoria, Victoria, CANADA

**Summary of Research**
This paper will compare and contrast recent samples of the normative literature on nonprofit board effectiveness with the results of recent empirical research on this subject. Gaps and contradictions will be noted.

**Description**
This paper will begin with the presentation of a model of influences which shape the behavior of nonprofit boards and which intervene to affect the impact of board behaviors on organizational effectiveness. It will then focus on the four elements of board functioning which are the most amenable to conscious choice in determining their state:
1.  Board roles and responsibilities
2.  Board structures and processes
3.  Board composition
4.  Board leadership and culture.

A sample of normative literature from the past 10 years that is not based on formal empirical research will then be briefly reviewed in terms of the normative advice they give in each of the four areas above (see illustrative examples in reference list below). Gaps and contradictions in this literature will be noted.

This will be followed by a fairly extensive review of empirical literature that has focused on variables in the four "controllable" areas of board behavior with special emphasis on those studies that tried to relate board behavior to any measures of board or organizational effectiveness. (see illustrative examples in reference list below). Again, gaps and contradictions in the research will be noted along with problems of validity due to methodological difficulties.

The final section of the paper will compare the empirical research results to the normative prescriptions. The implications of the latter for the former will be discussed and the need for closer links between the two approaches emphasized.

A few examples of the kind of literature to be reviewed in this paper

Prescriptive, non-research-based, literature

Andringa, Robert and Ted Engstrom, The nonprofit board answer book, New York: Board Source, 2001

Carver, John, Boards that make a difference (2nd Edition), San Francisco: Jossey-Bass, 1995

Light, Mark, The strategic board: The step-by-step guide to high impact governance, NY: Wiley, 2001

Robinson, Maureen, Nonprofit boards that work: Beyond One Size Fits All Governance, San Francisco: Jossey-Bass, 2001

Widmer, Candice, The art of trusteeship: The nonprofit board member's guide to effective governance, San Francisco: Jossey-Bass, 2000

Empirical Research Literature

Bradshaw, P., V. Murray, and J. Wolpin. Do Nonprofit Boards Make a Difference? Nonprofit and Voluntary Sector Quarterly, Fall 1992, 21(3), pp. 227-250.

Holland, Tom. Board accountability: Lessons from the field, Nonprofit Management and Leadership, Winter, 2001, 12(4), 409-423.

Inglis, Sue, Ted Alexander and Liz Weaver. Roles and responsibilities of community nonprofit boards, Nonprofit Management and Leadership, 1999, 10(2), 153-157.

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Nobbie P.D. and J. L. Brudney Testing the Implementation, Board Performance, and Organizational Effectiveness of the Policy Governance Model in Nonprofit Boards of Directors.
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**Paper Number:** PN042022.2

**Paper Title:** Linking board governance to organizational performance: Prospecting for practical
methodologies

**Author(s):**

 Mel Gill, Synergy Associates, Ottawa, CANADA

**Summary of Research**
This paper examines difficulties in linking the performance of governing boards to organizational
performance. It discusses the challenges of defining and measuring effective performance of
organizations and boards and establishing the relationship between the two. It also discusses existing
research on this problem. It concludes by suggesting an improved methodology furthering this area of
research.

**Description**

Synopsis

The assessment of board performance is essential to demonstrating accountability and generating
public trust. However, the establishment of causal links between effective boards and strong
organizational performance is fraught with difficulties; not the least of which is the establishment of valid
measures to gauge effective board and/or organizational performance.

The problems of assessing organizational effectiveness are entwined with those that afflict 'outcomes
evaluation'. Rigorous evaluation may be prohibitively expensive and attempts to link project activities to
subsequent consequences difficult if not impossible. What constitutes "good" performance? What
questions do we need to ask to determine whether a board is governing well or an organization is
effective? How do we get the answers to those questions and how do we know that the information we
get is reliable?

Is an outcome the result of a particular program or nonprofit activity or a "constellation of influences
(e.g. economic, political, environmental, demographic, public policies, external programs, private-sector
activities, cultural norms) that are far beyond the influence of any individual program or agency?" Are
there similar programs with which valid comparisons can be made? Are there material differences in
those organizations (e.g. mission, target population, geographic location, staffing, service methodology,
funding level) that must be considered in assessing impact? (Plantz, Greenway & Hendricks 1996)
What's the relationship between program effectiveness and organizational effectiveness? What about
agencies with multiple programs where goal achievement may vary?

Some programs (e.g. health promotion, community development, public education, advocacy and
capacity building) face special challenges in measuring outcomes. Indicators of input efficiency and
output (throughput) are more readily measured than outcomes…the real measure of organizational
performance and community benefit.

There is a long held conventional wisdom that good governance practices are important to effective
organizational performance. Increasing research evidence supports this intuitive notion although, for the
most part, it suggests correlative rather than causal relationships [Bradshaw, Murray & Wolpin (1992),
Green & Greisinger (1996), Herman & Renz (1998, 2000, 2002), Jackson & Holland (1998), Holland,
Jackson and Douglas (1998)].

Proxy, rather than direct, measures of board effectiveness have typically been used in these research
studies.

Measures of organizational effectiveness in these studies have included effectiveness in carrying out

mission (goal attainment); reputation of the board (capacity to attract credible board members) and organization; increases in annual budget (capacity to attract adequate funds); low deficit to budget ratios; and, results of accreditation surveys.

Structural measures of board effectiveness have included formalization of board structure and clarity of roles and rules. Process measures have included common vision; CEO leadership; board engagement in strategic planning; good meeting management; low level of conflict (within board and between board and staff); dedication to the organization (measured by active involvement); program monitoring; financial planning and control; board development; and, constructive board involvement in dispute resolution.

Jackson and Holland (1998) found significant correlations between organizational financial performance and board scores on the 6 competencies (contextual, educational, interpersonal, analytical, political and strategic) measured in their Board Self-Assessment Questionnaire (BSAQ). The competencies were based on practices that had previously been identified by a panel of experts on board development as either very effective or very ineffective.

The Governance Self-Assessment Checklist (GSAC) (Gill, et. al. 2004) administered to board members and CEOs of 32 nonprofits showed a high degree of correlation between board performance (as measured by 144 items examining board structure; board culture; practices related to six dimensions of board responsibility; and, board development, management and decision-making) and organizational effectiveness as rated by the board, CEO and external observers on measures independent of the GSAC. Indicators of board effectiveness were subjective assessments (social constructions) of overall effectiveness, board attendance, board and CEO turnover, board member comfort in asking challenging questions and level of board preparedness for meetings.  Organizational effectiveness measures were achievement of objectives, attracting reputable community leaders as board members; acquiring adequate financial resources; attracting volunteers for relevant activities; fulfilling stakeholders' expectations; having high standards of professionalism and accountability; communicating well with stakeholders and the community; adapting to changing needs; benefiting the community; and overall effectiveness.

These studies support the notion that high performance boards are more likely to have a high degree of involvement in strategic planning and setting the organization's mission; a process for monitoring achievement of objectives; a high degree of key stakeholder agreement on mission and values; clear lines of accountability; good teamwork; effective use of resources; financial stability; respect for organizational norms; a positive relationship with key stakeholders; a good balance between stability and flexible response to environmental changes; and, perceived legitimacy and credibility..

Simpler approaches to gauging organizational effectiveness have more typically been used by funders. These include assessing the demand for and use of an organization's services (member or client enrollment and participation); demand for services; public visibility; references to the importance of their projects or their organization; and reputation in the public and key constituencies. While this method is prone to subjective interpretation and political nuance it is far less expensive an undertaking than the more rigorous approach normally associated with performance evaluation.

Differences are common in subjective judgments of effectiveness between different stakeholder groups. Herman and Renz (2002) used a simple 'responsiveness instrument' to get around this problem. It assessed organizational responsiveness based on "how well the organization has been doing whatever is important to the respondent". They found a high degree of inter-rater reliability between external observers using this method.

While there may be increasing consensus and research evidence to support recommended practices as characteristics of effective governing boards, the research does not answer the fundamental question: Are these practices instrumental to effective organizational performance or incidental to the selection and support of a competent CEO? Are governing boards important at the margins or at the

core of an organization? Is there a greater relationship between management competence and organizational effectiveness than between board competence and organizational effectiveness? There is a continuing need to search for answers to these questions as well as for more objective measures of effective organizational performance.

Since effectiveness research is expensive it seems wise to seek sectors that have better developed performance measures based on established professional and practice standards. This may require extending the research beyond the realm of traditional nonprofits into less traditional nonprofit and public sector organizations.

Many nonprofit child welfare agencies have established professional service standards for investigation, support and care that invite evaluation of organizational performance. Similarly, many hospitals have undertaken 'Balanced Scorecard' reporting on four dimensions of hospital performance: patient care, patient satisfaction, finances and keeping up with change. Police services regularly report on complaints, investigations, crime rates, charge clearance and conviction rates, financial ratios and numerous other indicators. These may be fruitful fields to harvest in pursuit of more sophisticated approaches to assessing board performance and its relationship to organizational effectiveness.

It is in the interests of efficient use of public resources that our approach to the evaluation of board and organizational performance is kept as simple and efficient as possible and that investments in such research strive for the highest possible return on investment. At the same time it is important to nurture development of a nonprofit and public sector organizational culture committed to performance measurement. There is good reason to believe that the adoption of a logical framework for planning and evaluation imposes valuable discipline to these activities. Along with this, nonprofits are well advised to keep effectiveness evaluation simple and supplement their efforts with simpler approaches traditionally used by stakeholders.

**Paper Title:** Evolving paradigms in thinking about nonprofit boards: Exploring the implications of grounded theory research

**Author(s):**

 Patricia Bradshaw, York University, Toronto, CANADA

 Sue Inglis, McMaster University, Hamilton, Ontario, CAN

**Summary of Research**

In this paper we explore the implications of new research on the topic of diversity on nonprofit boards. A qualitative study of several boards allows us to move away from normative assumptions that often inform thinking about diversity on nonprofit boards. The research suggests a new paradigm for thinking about governance of nonprofits that would not have arisen if a more positivistic hypothesis testing approach had been adopted or if had we relied on pre-existing normative models of best practice.

**Description**

In this paper we explore the implications of new research on the topic of diversity on nonprofit boards. In the spirit of open-ended inquiry or grounded theory (Glaser and Strauss, 1967) we let the diverse people we interviewed direct the findings. This type of investigation allowed us to move away from preconceived and normative assumptions that often inform thinking about diversity on nonprofit boards. The research, as a result, yields new insights and suggests a new paradigm for thinking about governance of nonprofits that would not have arisen if a more conventional or positivistic hypothesis testing approach had been adopted or had we relied on pre-existing normative models of best practice.

Based on interviews with key informants in the nonprofit sector we have learned about current and ongoing efforts to diversify nonprofit boards. These practices represent initial attempts to create boards that are more inclusive, non-oppressive, representative and welcoming of different people (based on characteristics such as race, age, physical ability, ethnicity, sexual orientation, gender and social status), perspectives and abilities. While these efforts are too often limited and many boards have not yet begun to address diversity what we did discover is encouraging and falls into approaches such as structural change, new recruitment strategies, training and orientation, new policies and practices and changes in attitude and ideology (Bradshaw and Inglis, 2002).

  We also unexpectedly discovered new approaches and models that are appearing on the fringes of the nonprofit sector. In particular, we uncovered innovative ideas emerging on two edges or margins; one with youth who sit on boards or who will be sitting on boards and the second within the LGBT (Lesbian, Gay, Bi-sexual and Transgendered) community. What we learned from these communities and informants is that most existing efforts to diversify boards are based on sets of assumptions that are inherently limiting and perhaps constraining. For example, there is an assumption that categories and definitions of diversity are relatively stable and knowable. Also it is assumed that if intensive and sincere efforts are made diversity "problems", such as under-representation, can be "fixed" so that an inclusive board can be created and tensions about diversity permanently dealt with and accommodated.

In contrast, from the world view of members of the young people or the self defined "fusion generation" or in debates about sexuality, gender, identity and sexual orientation different assumptions are being made. For example, in these communities the very nature and definitions of diversity are being challenged. Diversity is not a goal but an on-going and constantly renegotiated reality or set of realities. Power struggles are explicit and a source of energy and innovation. Boundaries are fluid and fusion is taken-for-granted. Such new assumptions challenge us to move away from searching for either a normative ideal approach for dealing with diversity in the boardroom or the creation of more inclusive typologies. It requires us to accept a much more fluid and organic approach to diversity. We are required to engage in an on-going and destabilizing debate about the very definitions of reality. In paper we explore these possibilities and provoke researchers and practitioners to rethink the very frames used to contain our understandings of diversity in the boardroom. The challenge of moving from a

positivistic, prescriptive or normative paradigm to an interpretive and even on to post-modern/ radical humanist paradigm (Burrell and Morgan, 1979) is being provoked by this research.

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**Paper Number:**  PN042025

**Paper Title:** Formulating a Comprehensive Government Policy towards the Third Sector: A
              Comparative Perspective

**Author(s):**

 Benjamin Gidron, Ben-Gurion University of the Negev, Beer-Sheva, ISRAEL

**Description**

The tremendous growth, world-wide, of the third sector in size and importance created a situation in
most countries, whereby existing government policies towards the third sector did no longer fit the new
reality. The process of fitting the modes of relations between government and the third sector to the
new reality is a complex one as it has to deal with a variety of fragmentations: Different fields of
practice, different levels of government and different types of third sector organizations (service
providers, advocacy, foundations).

The need for a new policy (or policies) towards the Sector, prompted an effort in some countries to deal
with this problem in a holistic fashion and develop a comprehensive government policy on the matter. In
those cases the policy is based on a set of values and a rationale regarding the Sector's roles in society
and the ways to promote them. The process of formulating such a comprehensive policy and
implementing it is the focus of the panel, which will feature papers from five countries where such a
process took place. These are: Canada, Hungary, Ireland, Israel and the UK

Using the comparative approach, the five papers will analyze it along the same dimensions listed
below, thus creating a basis for understanding the process, the forces involved and the interaction
amongst them.

The dimensions used in the analysis are:

1.  The rationale for a "comprehensive" government policy towards the Third Sector in light of the
country's history, political structure, traditional roles of the Sector, etc.
2.  The process of policy formulation: The context for it (e.g. international developments), the initiative
for it, The interests behind the initiative, the participants in it, the major points of contention and dispute
3.  The components of the comprehensive policy: e.g. funding, regulation, policy advocacy.
4.  The structure and process of implementation: Who steers it, what means are used, how the
fragmentation in the sector is dealt with, what are the barriers to implementation?
5.  Unintended consequences of and inherent tensions within the comprehensive policy process.

IMPORTANT: Please note that PA041185 is part of this panel and should be reviewed with it.

**Paper Number:**  PN042025.2

**Paper Title:** Constructing a Comprehensive Policy for the Third Sector in Canada: New Realities and Old Challenges

**Author(s):**

Kathy Brock, Public Policy and the Third Sector, Queen's University, Kingston, CANADA

**Summary of Research**

This paper will offer an in-depth assessment of the desirability and feasibility of constructing a comprehensive policy for the third sector in Canada using the five dimensions of analysis outlined in the panel's overall plan

**Description**

This paper will offer an in-depth assessment of the desirability and feasibility of constructing a comprehensive policy for the third sector in Canada using the five dimensions of analysis outlined above:

1.  The rationale for a "comprehensive" government policy towards the Third Sector in light of the country's history, political structure, traditional roles of the Sector, etc.
2.  The process of policy formulation: The context for it (e.g. international developments), the initiative for it; the interests behind the initiative, the participants in it, the major points of contention and dispute
3.  The components of the comprehensive policy: e.g. funding patterns, supervision, advocacy organizations.
4.  The structure and process of implementation: Who steers it, what means are used, how the fragmentation in the sector is dealt with, what are the barriers to implementation?
5.  Unintended consequences of the comprehensive policy process.

The Canadian offers an interesting case to contrast to many countries in constructing a comprehensive policy framework. The federal nature of the Canadian political system poses an interesting dilemma: the federal government may impose regulations on the third sector through its revenue raising capabilities but the constitutional jurisdiction for the third sector resides with the provinces. The sector is very diverse with varying levels of dependency on governments. There is no common platform for state-third sector relations at present and the nature and type of relations varies greatly across jurisdictions. There is no one definition of the "third" or "social economy" or "voluntary sector within the nation. Do these and other differences pose an insurmountable difficulty to creating a coordinated approach to state-third sector relations?

This paper argues that while the challenges to formulating a comprehensive approach are formidable, they are not impossible. Answers can be found within the approach the federal and provincial governments have adopted towards the health and social policy fields. This paper will examine these and other options existing within the Canadian political system and the viability of extending them to the third sector. Given that the federal government has recently signed an Accord with the voluntary sector and has begun tracking the sector through the national accounts as well as through regular national surveys, creative means must be found for extending these principles and the newfound knowledge to improving the relationship at the provincial level of government.

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**Paper Number:**  PN042025.3

**Paper Title:** Occupying New Spaces: The Opportunities and Challenges of Policy for the Third Sector in England

**Author(s):**

 Marilyn Taylor, University of the West of England, Bristol, UK

**Summary of Research**

Government policy towards the third sector in England has developed significantly in recent years, with the sector seen as a key partner in public service reform, social enterprise and civil renewal. A series of high-profile reviews and policies have provided a new framework for relationship building with the state, new constitutional forms and regulatory frameworks, and new frameworks for investment. These policy developments are taking place in the context of a renewed emphasis on partnership, community governance and a 'new localism', which poses challenges not only for the third sector but also for the state and especially the local state.

**Description**

Government policy towards the third sector in England has developed significantly in recent years, with the sector seen as a key partner in public service reform, social enterprise and civil renewal. A series of high-profile reviews and policies have provided a new framework for relationship building with the state, new constitutional forms and regulatory frameworks, and new frameworks for investment. These policy developments are taking place in the context of a renewed emphasis on partnership, community governance and a 'new localism', which poses challenges not only for the third sector but also for the state and especially the local state.

Using the dimensions outlined in the description of the panel, this paper will locate current policies within an analysis of the way in which the relationship between the state and the third sector has developed over time and the changing role of the state at both national and local level. It will identify the assumptions and intentions that underpin this policy and consider the potential contradictions and tensions within these. It will then explore the implications both for the different roles the sector plays (for example, service provision and advocacy) and for different parts of the sector (for example, the professionalized 'voluntary sector' and the 'community' sector).  Building on an earlier conference paper for ARNOVA, which used new institutional theory and the concept of governmentality as a framework for analysis, it will then examine the challenges of implementation in an environment characterised by many competing and conflicting policy demands at local level. In doing so, it will recognise that it is not only the third sector that is expected to change, but also the local state and will end by considering the prospect for a radically different relationship between the two sectors.

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**Paper Number:**   PN042025.5

**Paper Title:**  The Long Journey to the Promised Land: Attempts to Review and Formulate
Comprehensive Government Policy towards the Third Sector in Israel

**Author(s):**

Michal Bar, Hebrew University, Jerusalem, ISRAEL

Benjamin Gidron, Ben-Gurion University of the Negev, Beer-Sheva, ISRAEL

**Summary of Research**

the paper discusses the initial attempts to review and reshape government policy towards the third sector. It assessed the major dilemmas, obstacles and challenges of its implementation.
The paper examines the following dimensions:

1.  The rationale for a "comprehensive" government policy in Israel, in light of its unique history and political structure.
2.  The working process of the review committee
3.  The components of the proposed policy.
4.  The structure and process of implementation and the barriers to it.

**Description**

Like many other countries, Israel has witnessed in the last two decades a tremendous growth of its Third Sector. In economic terms, the Israeli third sector is one of the largest in the world, funded primarily from public sources (Salamon et al, 1999). The above notwithstanding, there has been no public debate regarding the functions of these organizations and their relationship with government agencies. Nor has the government developed a clear policy regarding their place and role in Israeli society, and their relationship with the authorities. Moreover, in recent years, there has been a decline in the reputation of third sector organizations, and a problematic and sometimes even negative public image of these organizations has evolved.

The current de facto policy toward third sector organizations is the product of historical development and comprises an eclectic set of arrangements that are devoid of any internal logic. Some of these arrangements were introduced for a specific organization or group of organizations; others were introduced by one government authority and are not valid for another; and some are inconsistent and even outdated (Gidron, Bar & Katz, 2004). Hence, the policy enviornemnt in which the sector is operating is highly vague and uncertain.

The paper describes a recent process of reviewing the government policy towards the sector, its roles and relationship with government. A Review Committee was set up in 2001 by the Israeli Center for Third sector Research – a university-based center, to examine the role of the third sector in Israel and the policy toward it, particularly by government authorities, but also by other bodies, such as the business sector. The purpose of the committee's work was stated as "(T)o prepare the ground for a focused debate on the issue of policy, both of third sector organizations themselves, and of the many agencies that impact on their status and function... to reexamine existing provisions and offer recommendations to rectify the current situation…There is, in our opinion, a real need to revitalize the third sector itself, and policy towards it" .

The Review Committee published it final report in June 2003. Its recommendations focus on six issues regarding policy toward third sector organizations in Israel. These are:
 (1) Government policy toward the sector as reflected in the government's view of these organizations, their activities, functions, and contributions; (2) the different forms of public financial support; (3) third sector organizations among the Arab population in Israel; (4) the legal context in which third sector organizations in Israel exist and operate, particularly the forms of public other supervision and control; (5) the role of foundations and philanthropy, and (6) social-change organizations.

The implementaion process of the recommendations has just begun. The report was presented to the

President of Israel and to several governmental ministers during the summer of 2003. Following these presentations, the Welfare Ministry started a revision process of its policy and relationship with third sector organizations with which it interacts, in light of the committee's recommendations.

Drawing on qualitative data, including interviews and participants observations, the paper will discuss these initial attempts to review and reshape the policy. It will attempt to assess the major dilemmas, obstacles and challenges of its implementation.
The paper will examine the following dimensions:

1. The rationale for a "comprehensive" government policy towards the Third
   Sector in Israel, in light of its unique history and political structure.
2. The working process of the review committee: the initiative for it, the participants in it, the major points of contention and dispute, and the compromises that were made.
3. The components of the proposed policy.
4. The structure and process of implementation and the barriers to it.

The paper seeks to contribute to a better understanding of the policy towards the third sector in Israel and to the growing discourse concerning formulation of new policies towards the third sector internationally.

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**Paper Number:**   PN042026

**Paper Title:**  Human Resources Management Challenges and Change in Nonprofit Organizations

**Author(s):**

 Kunle Akingbola, University of Toronto, Toronto, CANADA

**Description**

The dimension and challenges of human resources management in nonprofit organizations is unique due to the characteristics of the sector. Though nonprofit organizations have embraced business strategies to improve employee skills, products, and services (Saunders, 2004) and adapt to the dizzying pace of change in their operating environment, factors specific to the sector are reinforcing the unique challenges of human resources in nonprofit organizations.

The three papers to be presented in this panel discuss the challenges and human resources management practices of nonprofit organizations in the context of changing operating environment from three different perspectives.

The first paper examine the implication of the new form of government funding on the human resources management practices of nonprofit organizations. The study draws on the strategic contingency framework of Miles and Snow (1978) to examine the adaptive behaviour of nonprofit organizations in terms of their human resource management practices to the shift in government funding to contract funding.

The second paper explore the experience of EngenderHealth, an international nonprofit agency with 12 offices overseas, that was transformed through several innovative human resources practices within a five year period.  The agency decentralized critical human resources functions, adapted its policies and reduced turnover rate from 15% to 4% within 5 years.

The third paper draws on diverse data sources and the personal experience of Dr. Barbeito in her 30 years of work in management and leadership of nonprofit organizations. The paper provide statistics to document the challenges of recruiting and retaining quality personnel and address essential aspects of a human resource management system including employee compensation in nonprofit organizations.

Together, the papers would highlight strategic human resources change strategies and challenges of nonprofit organizations.

**Paper Number:**   PN042026.1

**Paper Title:** Human Resource Management in Nonprofit Organizations: The Contingency of Government Contract Funding

**Author(s):**

Kunle Akingbola, University of Toronto, Toronto, CANADA

**Summary of Research**
This study explores the relationship between government funding and human resource management practices of nonprofit organizations. Specifically,the paper examine the implication of the new form of government funding on the human resources management practices of nonprofit organizations. The study draws on the strategic contingency framework of Miles and Snow (1978) to examine the adaptive behaviour of nonprofit organizations in terms of their human resource management practices to the shift in government funding to contract funding.

**Description**

Nonprofits are increasingly adept to changes in the environment, particularly government funding. Although the implications of the change to government contract funding for human resource management practices have been relatively absent from the nonprofit literature, the organizational adaptive behaviour to changes in the environment is explored in other sectors.

This study explores the relationship between government funding and human resource management practices of nonprofit organizations. Specifically, the study examines the implication of the new form of government funding on the human resource management practices of nonprofit organizations. This study explores the specific implications for recruitment, training, compensation and labour relations. The study draws on the neocontingency framework of Miles and Snow (1978) to examine the adaptive behaviour of nonprofit organizations in terms of their human resource management practices to the shift in government funding to contract funding.  Miles and Snow classified organizations into the following four types based on their adaptive behaviour to changes in the environment; Prospectors; Analyzers; Defenders and Reactors, Prospectors and Analyzers exhibit better adaptive behavior than Defenders and Reactors.

The results offer some support to the thesis that nonprofits classified as
Prospectors and Analyzers in their strategic adaptive behaviour to the relevant environmental factors including government contract funding will adapt better than nonprofits classified as Reactors and Defenders. Prospectors and Analyzers nonprofits would adopt progressive human resource management practices in order to adjust their strategies to the entire environment. In other words, government contract funding would be one but not the main environmental factor that would impact human resource management in Prospector and Analyzer nonprofits.

Defenders and Reactors nonprofits, on the other hand, adjust their human resource management practices to the specific demands of government contract funding and not their entire environmental factors. Human Resource management practice of Defenders and Reactors nonprofits will be significantly contingent on government contract funding and would be traditional, not progressive.

The findings indicate the different adaptive behaviour of nonprofit organizations in terms of their human resource management practices to the shift in government funding to contract funding. It will explain the human resource practices of nonprofit organizations.

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**Paper Number:** PN042026.2

**Paper Title:** Adapting HR Policies to organizational culture:  the EngenderHealth experience

**Author(s):**

 Jeanne Haws, EngenderHealth, New York, NY, USA
 Carol Ryan, EngenderHealth, New York, NY, USA

**Summary of Research**
EngenderHealth, an international non-profit agency with 12 offices overseas has within the past five years instituted several innovative human resources practices.  We have decentralized critical human resources functions to our Ghana-, Kenya-, and Thailand-based offices by hiring regional Human Resources Managers to deal directly with the 200 overseas staff members. We have adapted our policies to give laid off staff two months lead time before eliminating positions.  And, as an organization that is over 70% women, we offer on-site infant care services for staff members' children.  Our turnover rate has declined in the past five years from 15% to 4%.

**Description**
EngenderHealth, an international women's reproductive health agency in existence since 1943, was awarded its first grant to work overseas in 1972.  At that time, EngenderHealth (then, the "Association for Voluntary Sterilization") had one office in New York City, an annual budget of less than $1 million, and employed fewer than 10 people.  Thirty years later, EngenderHealth has an annual budget of approximately $40 million and a staff of over 300 - -  two-thirds of whom are located in offices in 12 countries outside of the United States.  Of the staff based in New York City, 71% are women, 42% of whom are women of reproductive age (15-44).  Also, while EngenderHealth's 60 year history has been marked almost exclusively by yearly increases in revenue and staff, there have been two occasions in the past five years when certain donor funding has changed in a way to necessitate eliminations of at least 10% of staff in the New York office.

EngenderHealth's increased field presence, its female-focused population, and its need to address layoffs in a sensitive manor have resulted in three particularly notable changes in human resource practices in the past five years.

First, the growth in overseas offices has created the need for field-based (rather than headquarters-only based) staff trained assist country offices in managing their funds and staff.   Historically, most of the operational or management support to EngenderHealth field offices was provided from NYC headquarters.  However, in 2002, EngenderHealth began to place "Regional Coordinators" in each Regional Office (Bangkok, Thailand; Nairobi, Kenya; and Accra, Ghana):  one Coordinator responsible for Technology support one covering Finance, Grants and Contracts; and one supporting Human Resources (HR).  These individuals, trained in EngenderHealth standard operating procedures (SOPs) for field offices, provide technical assistance in their respective areas of expertise to all country offices in the region.  The HR coordinators provide assistance in local employment laws and labor practices; recruitment; and benefits.  Now, rather than waiting for a staff member from NYC to visit the office to provide this assistance, it is provided by a locally hired staff member from a neighboring office.  This has allowed us to draw on the immense talents and skills available locally to provide more timely and relevant support to our field-based customers.
Second, in 1996 EngenderHealth hired its first woman President, and for the first time had an Executive and Senior Management Teams that were more than half women.  In response to an increasing number of pregnant women at the office who were requesting assistance to help them continue to breast feed their infants after returning from maternity leave, the Executive Team authorized a task force to investigate starting an on-site infant care center to be established when EngenderHealth's NYC headquarters was relocated to a larger office on Manhattan's West Side in 1999.  Modeled on a center that had been in place for several years at a sister agency (the Population Council), the infant care center opened 2000 for three babies, and has averaged one baby/year every year since.  Establishing

an onsite infant care facility has allowed EngenderHealth to retain an important segment of our staff, all of whom have returned to work after their maternity leave.  It also sends a very real, concrete message about the agency's value of work/life balance.

The third major change that has affected EngenderHealth in the last five years has been a change in our funding sources – such that for the first time in over a decade, EngenderHealth has faced the need to terminate employees when funding for a particular project has come to an end.  In 2000, EngenderHealth management – having not had to lay off staff for funding reductions in over 10 years – had to eliminate over 10 positions (out of 100 in New York).  They called in consultants who, after much discussion, recommended terminating staff in the morning, and asking them to leave that day.

This caused enormous stress, anger, and resentment among staff who stayed behind.   This is backed up by the findings reported in a 2002  article published in the Monitor on Psychology that noted that "the way management handles layoffs directly affects the way employees handle them:  if employees believe they've been treated callously, there's more likely to be anger and retaliation among the 'victims' as well as the 'survivors,' starting a downward spiral of negative publicity and poor market performance."

In June 2003, EngenderHealth found itself again facing the need to eliminate 14 staff positions in New York.  This time the HR team approached the layoff completely differently.  Having the luxury of knowing three months in advance that the layoffs were necessary, EngenderHealth informed all staff three months in advance that there would be approximately 15 positions eliminated – and told them that the 15 people would be informed on July 1st , at which time they could choose to leave immediately and receive one month pay plus severance; OR they could stay the remaining three months and then receive their severance.  Between July and September, staff had deliverables they needed to meet, and kept access to all systems and staff members.  In addition, they were allowed time off as needed to do job hunting, and were provided with outplacement assistance.  All staff elected to stay until September 30th.

All in all, staff were extremely grateful for how the layoffs were handled.  After the initial shock of those who lost their jobs wore off, many expressed gratitude for the time they were given to look for another job.  The agency acknowledged that while the decision to keep terminated staff on board for two months may have been disruptive for a short-time, it did allow staff members, in an agency that prides itself on its family-centered nature, to say good-bye to close friends and coworkers.

Although contrary to conventional wisdom, adapting the layoff policy to the agency culture significantly changed the attitude of our staff toward management and the agency.

These three examples show the value of  having flexible policies and alternative thinking,  and how this combination can improve levels of service, productivity and agency loyalty.  The proof is now in the numbers.  In 2003, EngenderHealth's annual budget was $40 million – the greatest in its 60 year history.  At the same time, its voluntary turnover rate (the number of staff choosing to leave EngenderHealth during any one year, divided by the total number of staff at the beginning of the year) is consistently on the decline; it reached its height in 2000 at 15%; reduced to 13% in 2001, 7% in 2002, and 4% in 2003.

**Paper Number:**   PN042026.3

**Paper Title:** The Role of Human Resource Management Systems and Compensation in Attracting and Retaining Top Talent in the Nonprofit Sector

**Author(s):**

Carol Barbeito, CLB and Associates, Castle Rock, CO, USA

**Summary of Research**
The third paper draws on diverse data sources and the personal experience of Dr. Barbeito in her 30 years of work in management and leadership of nonprofit organizations. The paper provide statistics to document the challenges of recruiting and retaining quality personnel and address essential aspects of a human resource management system including employee compensation in nonprofit organizations.

**Description**

As a whole, the nonprofit sector and many of its organizations have failed to pay proper attention to the recruitment and retention of qualified personnel. Brian O'Connell, founding President of Independent Sector, said the nonprofit sector systematically has high expectations for what our agencies and the sector can contribute to our society while systematically underpaying sector employees. Brian calls for increased attention by the entire nonprofit sector to compensation policies and practices. He notes 4 problems with compensation of employees in the nonprofit sector.

A.  Some are flagrantly overpaid.
B.  Salaries may be perceived to be too high due to lack of understanding of complex and demanding nature of jobs.
C.  View salaries as overhead while truth is most salaries are dedicated to direct program
D.  Most nonprofit employees are systematically underpaid

A related concern is low investment in development of well functioning human resources management system. A Chronicle of Philantropy article on small New York nonprofits reported that 50% had no formal salary ranges and did not do annual performance appraisals.

The nonprofit Sector is in distress, increased demand, increased accountability, greater competition for resources of all kinds with emphasis on fund raising and earned income. To succeed nonprofits must invest in development of an efficient and effective human resource management system and support adequate compensation for their staff.

This presentation is draws from many media sources and the personal experience of Dr. Barbeito in 30 years of work on management and leadership of nonprofit organizations. It will provide statistics to document the challenges of recruiting and retaining quality personnel and address essential aspects of a human resource management system including employee compensation.

**Paper Number:**   PN042040

**Paper Title:** Building Community Capacity through University Outreach:  Grassroots and Service
Learning Approaches

**Author(s):**

 Roseanne Mirabella, Seton Hall University, South Orange, NJ, USA

**Description**

There are a variety of pedagogical models for strengthening nonprofit capacity through education and
training programs.  This panel focuses on university efforts to build community capacity through
grassroots and service learning approaches.  These papers describe the various strategies employed
to assist nonprofits in the community and focus on the efficacy of these efforts.

**Paper Number:**  PN042040.1

**Paper Title:**  Reaching Rural Nonprofits: One University's Grassroots Approach to Sector Professional
                  Development

**Author(s):**

Debra Beck, Laramie, WY, USA

## Summary of Research

This paper describes how a largely grassroots effort at the University of Wyoming is reaching out to
provide professional development programming to a sector that has been as isolated as its citizens,
and how organizers are representing the university as leaders of an initiative to organize the state's
nonprofits. It also recommends next steps for the effort, built upon adult learning theories that fit the
unique nature of Wyoming and its nonprofit sector.

## Description

Like peers across the country, the people of Wyoming's nonprofit sector have many professional needs
that, if met, will help them build capacity to expand their impact and better serve the state's citizens.
While providing continuing education opportunities for an entire sector challenges any outreach effort,
Wyoming's wide open spaces spanning 98,000 square miles and harsh weather that isolate
communities and the nonprofits that serve them adds layers of complexity that sister programs in urban
settings do not face. This paper describes how a largely grassroots effort at the University of Wyoming
is reaching out to provide professional development programming to a sector that has been as isolated
as its citizens, and how organizers are representing the university as leaders of an initiative to organize
the state's nonprofits. It also recommends next steps for the effort, built upon adult learning theories
that fit the unique nature of Wyoming and its nonprofit sector.

The Snowy Range Nonprofit Institute (SRNI) is the centerpiece of UW's current, and likely future,
noncredit programming. Established in 2002 by volunteers across campus, the institute brings
practitioners to Laramie for sessions on various nonprofit and management topics. Commitment to
collaboration with sector practitioners in ensures SRNI's focus on issues that matter to nonprofits and
approaches to delivery that emphasize practical ways to implement content provided in institute
sessions. Because it offers the only annual face-to-face meeting currently available to the state's sector
as a whole, ample opportunity for networking, information sharing and informal interaction is built into
each institute agenda.

Buoyed by results of a needs assessment of the state's nonprofit showing strong demand for
professional development programming (Aagard, 2003), the UW Outreach School's Office of
Community Service Education (CSE) and SRNI volunteers have initiated a series of programs targeting
sitebound practitioners across the state. Acknowledging that participants are separated by many miles,
that they don't want to travel, and that volunteer presenters can't travel for weeks at a time, CSE piloted
a series of four compressed video workshops in early 2004, each focused on topics identified in the
needs assessment. CSE staff and volunteers approached this series as a test as they plan a certificate
program that, by necessity, must rely upon distance technology to deliver major components to
sitebound participants.

The Internet provides multiple vehicles for extending the university's service opportunities, via listservs
and a website intended to provide an information portal and on-line community for Wyoming's
nonprofits.

While support for Wyoming's nonprofit sector has not yet reached visibility within UW's academic
planning to date (UW Office of Academic Affairs, 2003), it certainly addresses the essence of UW's
commitment to serve and strengthen the state as its only four-year higher education institution. Leaders
of these early initiatives serve nonprofit sector needs in accessible, cost-effective ways, modeling cross-
campus cooperation in the process.

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**Paper Number:** PN042040.2

**Paper Title:** University of Central Florida (UCF) Course Related Community Partnership Programs

**Author(s):**

Naim Kapucu, University of Central Florida, Orlando, FL, USA

**Summary of Research**
This study will investigate the role of service learning practices at the University of Central Florida (UCF) and capacity building among community organizations in the region. Organizations varied considerably in organizational form, mission, and constituency in ways that affect the types of social capital available to them. This study will also address how variations in social capital affect organizational collaboration in Central Florida.

**Description**

This study will investigate the role of service learning practices at the University of Central Florida (UCF) and capacity building among community organizations in the region. Organizations varied considerably in organizational form, mission, and constituency in ways that affect the types of social capital available to them. This study will also address how variations in social capital affect organizational collaboration in Central Florida.

UCF defines service learning (SL) as a teaching method that uses community involvement to apply theories or skills being taught in a course. Service-learning furthers the learning objectives of the academic course, addresses community needs, and requires students to reflect on their activities in order to gain an appreciation for the relationship between academics and civic responsibility. Service-learning helps students learn and develop through active participation in thoughtfully organized experiences that: Meet community needs; Are coordinated in collaboration between university and community; Are integrated into academic curriculum; Provide structured time to think talk, and write about the activity; Provide opportunities to use academic skills and knowledge in the community; Enhance what is taught in the classroom by extending learning beyond the classroom; Help foster ongoing development of a sense of caring for others.

In addition, communities can benefit from the services students provide by accessing resources through the university that would otherwise be unavailable. Though the treatment of community capacity as a concept varies, emphasis will be placed on knowledge, skills, commitments, and resources required to evaluate community issues and opportunities and implement programs to solve or improve collective social problems. To identify ways to build community capacity, it is necessary to examine community issues in their complex environment. This requires assessing unique local conditions, structures, and interests; identifying existing and needed resources; and developing clear strategies that serve to achieve desired collective goals and collective action. By linking community service to the academic study of capacity building, students will gain valuable insights from the community for thinking critically about what they learn in the university.

The objectives of the study will include: exploring theoretical and practical approaches to community capacity building, developing skills in community-level research and service, processing the learning experience through reflection, linkages between social well-being and community, and opportunities and obstacles for partnering service learning and community capacity building.

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**Paper Number:** PN042040.3

**Paper Title:** Capacity Building in the Nonprofit Sector: A Service Learning Approach

**Author(s):**

 Jennifer A. Wade, University of Colorado at Denver, Denver, CO, USA

**Summary of Research**
Utilizing case methodology, the following paper examines a service learning project within the Graduate School of Public Affairs at the University of Colorado at Denver for a course entitled Social Entrepreneurship (PAD 6600).  This course not only met expected outcomes by giving students a practical experience, but generated unrestricted funds for the department.  This case study will examine the advantages and disadvantages of utilizing service learning as a contractual relationship, the execution of the service learning project, and student outcomes as measured by the Faculty Course Questionnaires (FCQs).  Additionally, comments from the client will be integrated.

**Description**

Within many states, higher education budgets are experiencing dramatic budgetary cuts as state governments try to meet increasing fiscal demands.  In the State of Colorado, the State University system is not immune.  Facing a $116 million dollar shortfall, higher education is facing serious budgetary concerns that may translate into 40 percent cuts for example in Colorado.  Consequently, many departments are trying to meet the demands of a growing student population while being forced to tighten their budgets.  However, within times of fiscal crisis, one often finds an increase in innovation and entrepreneurial activities, as in the case of the Graduate School of Public Affairs at the University of Colorado at Denver.

The University of Colorado at Denver markets itself as a university that prides itself with high levels of outreach within the community.  One extension of this type of outreach is known as service learning.  Elisa S. Abes, Golden Jackson, and Susan R. Jones define service learning as "a teaching strategy that depends on reciprocal university-community partnerships, service learning provides an innovative pedagogical approach to realizing higher education's civic responsibilities."  While service learning can offer students a mechanism for bridging practice with theory, it can also create an opportunity for the generation of unrestricted revenue if the activity is thought of as an entrepreneurial activity.

Utilizing case methodology, the following paper examines a service learning project within the Graduate School of Public Affairs at the University of Colorado at Denver for a course entitled Social Entrepreneurship (PAD 6600).  This course not only met expected outcomes by giving students a practical experience, but generated unrestricted funds for the department.  This case study will examine the advantages and disadvantages of utilizing service learning as a contractual relationship, the execution of the service learning project, and student outcomes as measured by the Faculty Course Questionnaires (FCQs).  Additionally, comments from the client will be integrated.

**Paper Number:** CO043412

**Paper Title:** Emerging Frameworks in Governance, Accountability, and Legitimacy

**Author(s):**

L. David Brown, Harvard University, Cambridge, MA, USA

Mark Moore, Harvard University, Cambridge, MA, USA

William P. Ryan, Hauser Center for Nonprofit Organizations, Harvard University, Cambridge, MA, USA

**Summary of Research**
Scholars and practitioners alike often treat governance, accountability, and legitimacy as discrete topics, in part to avoid the conceptual overload that can result from treating them as an integrated whole. This panel is designed to enable a more comprehensive discourse about the three. Each panelist will present an emerging framework that illuminates how – practically and conceptually – these three challenges are inter-connected. Seeing those connections, in turn, helps frame new choices for policy-makers and nonprofit leaders.

**Description**
Panelist #1: "Creating and Responding to Increased Social Demands for Accountability from Third Sector Organizations"

The first panelist provides a conceptual foundation for the colloquy by laying out a comprehensive schema on governance and accountability -- identifying the actors, institutions, policy choices, and their interactions. He reviews the public policy, regulatory, and public-opinion pressures that demand accountability of nonprofits: All of these create parts of the structure of accountability within which nonprofits operate. But different organizations are differentially exposed to these different kinds of accountability. A great deal of de facto and de jure discretion is left to the boards, leaders, and managers of nonprofit organizations. They therefore have to make choices about what forms of accountability to embrace and resist.

Panelist #2: "Improving the Governing Capacity of Nonprofit Boards"

The second panelist then investigates the problems affecting one actor – nonprofit boards of directors (in a U.S. context). He will propose a three-part schema of trusteeship, in which boards work on: (1) fiduciary issues; (2) strategic issues; and (3) generative issues. Although society is demanding more attention from boards to fiduciary issues, this analysis suggests that equipping and engaging boards more deeply in a new form of generative governing work is essential to accountability. It provides compelling motivation for boards to engage more meaningfully in governance. As that engagement deepens, the prospects for increasing accountability improve.

Panelist #3: "Legitimacy, Transparency and Accountability in Transnational Advocacy NGOs"

The third panelist presents lessons from Transnational Advocacy NGOs and networks. Many of these are increasingly concerned about issues of legitimacy , transparency and accountability, in part because of political attacks driven by their success in challenging powerful institutions but also in part because of the necessity for values-based agencies to face up to the challenge of defining and living by their own values. Recent meetings of transnational advocacy NGOs and networks have begun to define concepts and innovations for grappling with these issues. Those ideas can inform the work of national and local NGOs and NPOs as well.

**Paper Title:**  Tapping the volunteer potential of ethnic communities in Toronto

**Author(s):**

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**Summary of Research**
Competition for scarce resources combined with a recognition of the multi-cultural nature of the Canadian population, has led many organizations to consider ways of reaching beyond their traditional bases of support to attract volunteers and resources from hitherto untapped ethnic communities. Through in-depth interviews with key informants, this study compares and contrasts 1) the mandates, leadership, and volunteer recruitment and development strategies; 2) the types of voluntary experiences and benefits offered; and 3) the expectations and commitments required of volunteers in eighteen organizations serving ethnic and non-ethnic communities.

**Description**

The past decade has seen both substantial growth and reduced governmental support of the voluntary sector in Canada, resulting in increased competition among voluntary organizations for both capital and human resources. (Foster & Meinhard, 2002; Meinhard & Foster, 2000). This, combined with a recognition of the multi-cultural nature of the Canadian population, has led many organizations to consider ways of reaching beyond their traditional bases of support to attract volunteers and resources from hitherto untapped ethnic communities. The parallel experience of product and service marketers in this regard is very instructive. Across a wide array of organizations, managers have discovered that mass un-segmented strategies that ignore cultural and ethnic differentiation are not effective (Solomon, Zaichkowsky & Polegato, 2002). Where considerable diversity exists, targeted, market specific approaches are necessary because wants, needs and experiences vary across both behavioural domains and ethnic groups.  Unfortunately, there is no systematic Canadian research on ethnic communities in the voluntary domain.  The proposed study seeks to fill this knowledge gap by examining the complex interaction and influence of ethnicity, community context and organizational activity on voluntary behaviour in diverse ethnic communities in Toronto.  Specifically, the study will compare and contrast 1) the mandates, leadership, and volunteer recruitment and development strategies; 2) the types of voluntary experiences and benefits offered; and 3) the expectations and commitments required of volunteers in organizations serving ethnic and non-ethnic communities. Both demand-side (consumer preferences) and supply-side (suppliers and supplier offerings) theories will frame this research. On the demand side, there exists a large literature suggesting that predispositions and behaviours are based on culturally distinct sets of beliefs, are evaluated according to culturally distinct criteria and represent culturally distinct sets of meanings. (See Aaker, 2000 for a review.) Furthermore, considerable research shows that behaviour is also subject to the norms and obligations of an individual's social network (Berger & Gainer, 2002). For the voluntary sector, this implies that the specific beliefs associated with volunteering, the way they are evaluated, the attitudes toward volunteering in general, and toward volunteering with particular organizations, and the nature of voluntary behaviour itself, are likely to vary across ethnic communities.  Similarly, the decision to volunteer, and where, may vary across ethnic communities because the extent to which voluntary behaviour supports, and is supported by these communities is likely to vary. On the supply-side there is a growing literature considering the role of organizational variables in attracting, retaining and managing volunteers. Researchers have examined the impact of differing mandates, leadership, recruitment and retention strategies on organizational growth and success (Pearce, 1993). However, organizational effectiveness in the context of ethnic diversity has not been systematically investigated. In addition, the extent to which the voluntary experiences being offered by and/or to different ethnic communities may vary in terms of benefits offered, forms of communication, physical location, commitments and resources expected has not been examined.

This study is based on a secondary analysis of the 2000 National Survey of Volunteering, Giving and Participating (NSVGP), the "most comprehensive assessment of giving, volunteering and participating ever undertaken in Canada and perhaps the world" (Hall, McKeown & Roberts, 2001, p. 5). Preliminary analysis (currently underway at the Toronto RDC: Berger, 2003) indicates there is considerable ethnic diversity in number of volunteer hours. For example, at the high end are Anglo-Saxons with an average of 55.95 hours, Eastern Europeans with 51.30 hours and Jews with 46.79 hours. At the other end of the spectrum are Chinese with 12.16 hours. This paper seeks to understand these differences in volunteering commitments through in-depth interviews with 18 organizations in Toronto. Six will be with organizations targeting and serving the Chinese community, six targeting and serving Eastern European or Jewish communities and six with ethnically-neutral organizations, such as the Heart and Stroke Foundation. To the extent possible, organizations across ethnic groups will be balanced in terms of mandate, and within each group, two kinds of organizations will be targeted: three with a local community mandate and three with a national/global mandate. In-depth interviews with organizational leaders will be used to gather information about mandates, perceptions, recruitment and retention strategies and concerns.

The proposed research will provide both detailed information and a framework for analysis for voluntary organizations, policy-makers and scholars. The study will benefit broad-based, ethnically neutral voluntary organizations (such as the Heart and Stroke Foundation) by providing insight into effective recruitment and retention strategies for volunteers and supporters from ethnic communities. Similarly, ethnically specific organizations (such as the Yee Hong Community Wellness Foundation) will benefit through insights into more effective strategies for attracting, motivating and holding members and volunteers whose identities may be changing as they become assimilated into the general Canadian culture. For policy-makers, this study will provide key information about the potential role of voluntary organizations as social bonding and bridging mechanisms, thereby enhancing understanding of the factors facilitating social cohesion in our diverse society. Research on the voluntary sector is a relatively new domain for Canadian academics, with many gaps in the knowledge base. This project will not only add to our knowledge about the voluntary sector, but also help scholars understand another facet of the cultural mosaic of Canada.

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**Paper Number:** PA041117

**Paper Title:** THE CULTURAL CONUNDRUM: One Family Foundation's Struggle To "Walk the Talk"
In Creating Progressive Social Change & Developing an Inclusive Board & Staff

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## Summary of Research

This paper explores the myriad challenges inherent in attempting to create a philanthropic organization consistent with the social change it is funding across the globe. A case study which examines the societal, organizational, and personal dynamics of a foundation funding social change in the areas of global, electoral and environmental justice that often reiterated a stance of equity and equality but suffered numerous organizational challenges in creating and maintaining a staff and board that was diverse and inclusive. Issues of cultural competency, unconscious racism and classism and organizational dissonance between values and implementation were revealed in this case study research.

## Description

THE CULTURAL CONUNDRUM: One Family Foundation's Struggle To "Walk the Talk" In Creating Progressive Social Change & Developing an Inclusive Board & Staff

ABSTRACT

This paper explores the myriad challenges inherent in attempting to create a philanthropic organization that mirrors the social change it is funding across the globe. A case study which examines the societal, organizational, and personal dynamics of a fairly new (less than ten years in existence) family foundation funding social change in the areas of global, electoral and environmental justice. The foundation in a short amount of time had built a reputation that often reiterated a stance of equity and equality in its program implementation but suffered numerous organizational challenges in creating and maintaining a staff and board that was reflective of the programs the foundation was funding. Issues of cultural competency, unconscious racism,classism and organizational dissonance between values and implementation were revealed in the case study research. As one foundation advisor commented: "yes, we are committed to creating a just world but its quite another thing to try and have the organization reflect that world we're trying to create."

The Budding Flower Foundation (a pseudonym)was a family foundation founded in 1998 from capital generated via high finance and communications sales. Located a small New England college town, the foundation immediately began funding in various areas related to global justice, human rights, environmental justice and international issues. The research examines the twelve months the foundation was engaged in the initial steps of a strategic planning process and a programmatic evaluation of the organization (January 2003 until January 2004). Within that year, the Budding Flower Foundation underwent numerous changes in staffing, program orientation and Board structure. This paper examines the organizational development process of a family foundation moving from a monocultural orientation with the dominant paradigm reflecting the social identities of the founder (a white male upper-middle class, politically liberal cultural environment)to a more, inclusive, multicultural, organizational culture.

This shift in organizational culture is articulated by a series of stages moving from status quo to tolerance of differences and transition into an organization that represents diverse cultures in which different social identities and perspectives are valued, have access to shared decision making, power and representation within the culture of the foundation. This process was conceptualized as multi-cultural organizational development, pioneered by Drs. Bailey Jackson, Rita Hardiman and Mark Chesler (Racial Awareness Develop in Organizations,1981); and Judith H. Katz and Frederick Miller (Cultural Diversity as a Developmental Process: The Path from Monocultural Club to Inclusive

Organization, 1995; Developing Diversity, 1986).

The research methodology consisted of twelve months of participant observation of foundation meetings, review of board meeting minutes, reports and docket preparation materials.  In addition, key stakeholder semi-structured, open-ended interviews were executed with the executive director, program staff and advisors and several Board members. The research goals were to identify substantive themes associated with the organizational shift of moving from a paradigm of dominant culture to one where diverse cultural norms were acknowledged, appreciated and supported.

The notion that individuals (and organizations) can either specifically or inadvertently impose a cultural model that invalidates the experiences and orientations of those of a non-dominant social identity, i.e., women, people of color, working class, foreign born, etc. has evolved via the exploration of race, class and power in multiple disciplines. (Jones, J. "Racism in Black and White, A Bicultural model of Reaction & Evolution" in Eliminating Racism, Profiles in Controversy, eds. Katz, P. & Taylor, D. (1988); Kovel, J., White Racism, (1988); Thomas, R., Beyond Race and Gender…, (1991)).  Within the sphere of philanthropy, many foundations who identify themselves as "progressive" hold onto an ill-defined common definition of values, issues and/or principals reflected in their eleemosynary activities (Schuman, 1998; Johnson, 1992Rabinowitz, 1988,).

However, the paradox that progressive foundations often experience is the dissonance between the values espoused in their funding and the organizational structure and staffing of the foundation itself. The Budding Flower Foundation was aware of this distinction of not having its own staff and board be reflective of the world they themselves were trying to create in their funding.   The case study was able to articulate the organizational and interpersonal dynamics that acted as either facilitators or barriers to creating a more inclusive and diverse staff, board and organizational norms within the foundation.

This case study is relevant to the area of philanthropic and not-for-profit studies as it offers key learnings and reflections of the critical issue of cultural competency, organizational values, program implementation, structure and organizational development in the world of progressive philanthropy. Quite often, the world of philanthropy chafes at the prospect of self-reflection and learning while insisting on program evaluation of its grantees.  This case study offers a straightforward examination into the organizational learnings of one family foundation that offers generalizations to the larger philanthropic community.

**Paper Number:** PA041128

**Paper Title:** Building Bridges to Diversity

**Author(s):**

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**Summary of Research**

The Building Bridges to Diversity project evaluated the service delivery systems of three high-volume youth and family serving programs operated by Wood's Homes in Calgary Alberta Canada.  A barriers analysis was conducted in partnership with the Calgary Immigrant Aid Society (CIAS), a comprehensive settlement agency providing a variety of programs and services to Calgary's immigrant population.  Project staff conducted manager interviews, staff and client surveys, and community focus groups.  Six recommendations related to improving access for culturally diverse clients were adopted by the agency's Quality Improvement Committee.

**Description**

Building Bridges to Diversity

Executive Summary

Over the last ten to fifteen years, the city of Calgary Alberta Canada, with a metropolitan population just under one million, has increasingly become a culturally diverse urban centre.  In 2002, 4% of all of Canada's immigrant population lived in Calgary.  The city now places fourth behind Toronto (49%), Montreal (14%), and Vancouver (13%) for immigrant population (Citizenship & Immigration Canada, 2002).  According to the 2001 Canada Census, twenty one percent of Calgary's total population is made up of immigrants (City of Calgary, 2003).

Wood's Homes is a private, nonprofit agency that has served troubled youth and families in Alberta since its inception as an orphanage in 1914.  With a staff of over 250 people, Wood's provides services to more than 400 young people and families a day in over 30 programs, primarily in the Calgary region, but also in other areas in Central and Southern Alberta.

This project was conducted in partnership with the Calgary Immigrant Aid Society (CIAS).  Calgary Immigrant Aid Society, founded in 1977, is a comprehensive settlement agency that provides a variety of programs and services to Calgary's immigrant population.  CIAS works with new Canadians who have been in Canada for three years or less.

Both agencies want to ensure that all individuals in the Calgary community have barrier free access to the broad continuum of services offered by Wood's Homes.  The intent of this project was to evaluate Wood's Homes' service delivery systems with regard to cultural sensitivity and then support the development and design of appropriate services to ensure barrier-free access to culturally diverse (new) Canadian families and children.

Two community based agency programs, the Community Resource Team (CRT) and the Eastside Family Centre, and one residential program, Stabilization, were selected for this assessment.  The study consists of three primary components.  A qualitative interview with managers was conducted to establish the scope and framework for the project.  Quantitative evaluation surveys were administered to the staff of the three programs to assist them to identify their strengths and challenges by providing culturally competent services to their culturally diverse clients.  Quantitative surveys were also administered to culturally diverse new Canadian clients from the three programs to assess the satisfaction with the services they had received; specifically, if these services met their cultural needs.

Finally, community focus groups were conducted with culturally diverse new Canadians recruited by Calgary immigrant Aid Society (CIAS).

By conducting this diversity study, Wood's Homes has increased its understanding of staff's cultural competencies, and training needs. In addition, Wood's now has a better understanding of Calgary's culturally diverse new Canadian client demographics and their needs. Specifically, some of the key lessons from this project are:

* The staff of the Family Centres, CRT, and Stabilization programs consider that the current services being provided to their culturally diverse new Canadian clients are adequate given current level of training and resources.

* After reviewing the demographic data from the client survey group and the focus group members, it is apparent that, although these two groups are both culturally diverse new Canadians, their overall group characteristics appear to be somewhat different:

o The needs of new Canadians who have been in the country for less than ten years are quite different from the needs of immigrants who have been here for longer than ten years.

o Unlike the client survey participants, fear of assimilation was a primary concern for many of the new Canadian focus group participants.

o In addition to being suspicious of mainstream organizations, many new Canadian communities find the idea of mental health very difficult to understand, because many cultures do not distinguish between physical health and mental health.

o Lack of knowledge about mainstream community services is one of the major reasons many new Canadians do not access mainstream mental health services.

The next step for Wood's Homes is to take the results and recommendations from this study and continue to develop an inclusive agency that fosters and promotes the participation of culturally diverse groups in all parts of its organization.

Recommendations
The study has produced the following recommendations for Wood's Homes senior management to consider:
1. Standardize and increase client demographic data collection in all three programs.
2. Develop collaborative partnerships with one or more immigrant serving agencies to enhance service delivery to diverse clients.
3. Develop cross-cultural training program for agency staff.
4. Increase culturally diverse client outreach activities.
5. Develop targeted recruitment policies and procedures for staff and volunteers from various culturally diverse communities.
6. Appoint a Diversity Coordinator to oversee and assist in the implementation of the study recommendations.

**Paper Number:**  PA041398

**Paper Title:** Diversity and Collective Action:  Empirical Results from a Voluntary Association in Two Integrated Communities

**Author(s):**

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**Summary of Research**

An empirical study of subunits in a youth organization indicates the severe challenges to achieving organizationally productive diversity in voluntary associations.  Analyses of the racial composition of association units in two integrated suburban communities reveal several race-related phenomena.  Youth and especially adult leaders evidence flocking together, tipping points and defections.  These phenomena represent fundamental dynamics of voluntary collective action that must be overcome for meaningful diversity to be achieved.

**Description**

   Sociological analyses indicate that the United States, nearly four decades after the passage of the Civil Rights Act, suffers from a lack of racial bridging that is traceable to individuals seeking to associate with others most similar to themselves (McPherson, Smith-Lovin & Cook, 2001; Briggs, 2003).  Put another way, the "dark side" of social capital is that its bonding forms are often exclusionary and its bridging forms weak (Putnam, 2000), with the consequence that associational activity is often along racial and class lines.  For example, churches are greatly homogeneous along racial lines (Gallup & Castelli, 1997).  Such voluntary associations face particular challenges with regard to diversity, since their members are free to join or not and to associate with whomever they choose.

   Elsewhere, we propose theory for the enhancing of diversity in voluntary associations (Weisinger & Salipante, 1999).  In this paper we intend only to examine the severity of the challenge facing voluntary associations seeking to enhance their diversity.  For diversity we adopt the concept of pluralistic interaction, whereby meaningful relationships are formed among diverse members.  Through such pluralistic interactions nonprofit organizations can utilize diversity to improve organizational learning, adaptation and effectiveness (Thomas & Ely, 1996).  Here, we present a summary of results of an empirical investigation of a voluntary association for youth that has a long-standing and exceptional commitment to diversity.  We examine subunits located in two nationally renowned, integrated suburban communities, where one would expect to find significant evidence of cross-racial bridging.  Instead, we find evidence of several phenomena that shed light on processes of voluntary associating for collective action in contemporary America.

Summary of Results

Analysis indicated that the organization, which covered the Cleveland, Ohio, metropolitan area, experienced low retention of youth in those neighborhood units having even modest percentages of minority youth members.  The main exceptions were in our focal integrated communities of Cleveland Heights and Shaker Heights, where retention rates ran far above the levels expected.  These anomalously high retention rates suggest that the four neighborhood units in the Heights represented good cases for examining successful diversity.  The integrated contexts of the four neighborhood units in the Heights created excellent opportunity for sustaining racially bridging ties due to geographical proximity and shared voluntaristic activity.  However, when we examined diversity within these units in a more disaggregated fashion, at the levels of schools (around which the youth organization's units formed) and the operating subunits where members interact directly with each other, we found a different picture than anticipated.  The data for these analyses covered the percentage of majority (Caucasian-American) vs. minority (dominantly African-American) youth and volunteers for each subunit in the focal suburbs for two time periods, 1993 and 2002.  Our findings from the 1993 data

indicated that even in these favorable community situations subunit membership was often homogeneous. Furthermore, analyzing the subunit membership data for congruence between the percentage of minority children in a particular school and their percentages in the voluntary association's subunits, we found high congruence in only half of the schools.

These results might be explained in terms of historical progression, with insufficient time having passed for units to have progressed from their traditional base of majority girl and volunteer composition to racially mixed composition. However, the main indication in the 2002 membership data is greatly similar to that of the 1993 data. To analyze the 2002 data, racial congruence was defined as falling within + or – 20 points of a particular school's minority children composition. This permitted a wide range of compositions to be categorized as "congruent". Congruence was calculated for each subunit within a school, for both youth and volunteer minority composition. Similar to the 1993 analyses, in 2002 about fifty percent of the units and less than forty percent of the schools showed good minority congruence for youth. Volunteers fared worse than children, with only 22 percent of the units judged to have racial congruence among the volunteers leading them. Minority volunteers in these neighborhood units were not spread proportionally across the units. The incongruence within a given school was often caused by minority volunteers being paired or trio-ed together in a single unit, rather than being spread across several different units.

   Analyses were performed examining the representation of minority and majority volunteers as a function of minority youth composition. In both years minority volunteers were highly represented only in those subunits having over 75 percent minority youth. In the 2002 data the tipping point appeared to be 75 percent minority youth composition. That is, in units with less than 75 percent minority youth, the ratio of minority volunteers to minority youth was approximately one in five (.216). It was double that in the dominantly minority youth units (.40) and only in those units was it as high as the ratio of majority volunteers to majority youth (.396).

   Changes in the numbers and proportions of minority and majority volunteers from 1993 to 2002 suggest some telling dynamics in Neighborhood Unit C, Cleveland Heights. (Neighborhood Units A and B showed no major changes over this time period.) In Unit C there was a substantial increase in the proportion of volunteers who were minority, from 40% in 1993 to 68% in 2002, and a slight increase in their absolute numbers. Meanwhile, the number of majority volunteers declined sharply and overall youth membership declined somewhat. Over the same period the minority youth percentage increased dramatically (from 38 % to 81 %), with the number of majority youth falling sharply. Neighborhood Unit D (Shaker Heights) provided a contrast. There, the youth membership rose rather substantially (by 19%) over the 1993 – 2002 period. Majority girl membership increased slightly and minority girl membership more strongly. Meanwhile, majority and minority volunteer numbers and percentages changed very little. The sharply different trends in these two neighborhood units were likely due to changes in public school minority composition. In Neighborhood Unit C the percentage of minority schoolchildren rose substantially, from about 70% in 1993 to about 90% in 2003. The consequence for the association was a rather modest increase in the number of minority volunteers and a sharp decline in majority volunteers and youth. During the same period of time, the average percentage of minority composition in the public schools of Neighborhood Unit D changed very little, from 54 percent to 56 percent, with little consequence for majority member participation in that neighborhood unit. In Neighborhood Unit C, then, there was a defection of majority members from the association's units as the schools went to dominantly minority status.

Discussion: Flocking Together, Tipping Points, Defections and Ascendancy

The voluntary association in this study had succeeded in building a minority youth membership that was nearly proportional to the minority population in the Cleveland metropolitan area. Yet, despite its long-standing commitment to diversity and to values of fostering meaningful interaction among its members, it experienced the phenomena indicated above. And, these phenomena occurred in the region's most exemplary integrated communities. Flocking together, the operation of tipping points, and the ascendancy and the defections of majority members indicate the severity of challenges to producing

meaningful racial bridging in voluntary associations. The flocking-together phenomena reflect understandings of collective action, wherein voluntary action is most readily accomplished with those in whom one has the greatest trust and the lowest expectation of free-ridership (Olson, 1971). The defection-ascendancy phenomenon conforms to Noblit and Hare's (1988) interpretation of school desegregation studies – namely, that desegregation represents a shift in political power from majority to minority members of the community. In our terms, the influential adult networks in the schools, as indicated by minority volunteer composition, shifted from majority to minority. These phenomena create the need for potent theory, if voluntary associations are to succeed in achieving diversity. Thomas and Ely's (1996) discussion of the learning and effectiveness paradigm makes clear that American organizations are in only the earliest stages of learning to produce a pluralistic diversity that truly benefits the organization and its members.

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**Paper Number:** PA041050

**Paper Title:** Do Anti-Poverty Service Organizations Locate Where People Need Them? Evidence from a Spatial Analysis of Phoenix

**Author(s):**

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**Summary of Research**

This project examines the association between the spatial distribution of poverty and social need and the spatial distribution of anti-poverty service provision. Data include the U.S. Census Bureau's long-form (1990, 2000), which is linked to an original data set that contains all of the anti-poverty-serving nonprofit organizations in the greater Phoenix, AZ, metropolitan area and selected financial, geographic and service provision variables (1990-2001). Analyses explore both the determinants and the consequences of various levels of service accessibility; and, in conjunction with an examination of the spatial distribution of employers and jobs, this work discusses implications for poor residents.

**Description**

An interesting overlay to the spatial mismatch literature that few have explored is the potentially mitigating influence of the nonprofit sector with regard to cities' spatial conditions. Given rapid growth in the U.S. Southwest, especially over the past two decades, which is likely to continue into the future, it is important to begin to understand the implications of the changing distribution of income, poverty and the network of service support in this region, in which the largest city in Phoenix.

The proposed project will examine the distribution of need (defined primarily as an income-based measure) across the greater Phoenix, AZ, metropolitan area and the extent to which anti-poverty serving nonprofit organizations are situated physically in the areas of greatest need. This work uses the mismatch literature as a springboard to examining the implications of nonprofit organizations' locations for low-income populations.

This project's main research question is the following: To what extent does the location of anti-poverty serving nonprofit organizations mitigate Phoenix's problems regarding the spatial distribution of poverty and need? In order to answer this overarching question, I propose to examine the following related questions:
- To what extent are anti-poverty serving nonprofit organizations co-located in areas of high poverty density?
- Given nonprofits' geographic distribution, how accessible are they to Phoenix's poor residents?
- What factors are associated with the nonprofit service provider accessibility?
- What are the policy implications of the distribution of anti-poverty serving nonprofit organizations and the distribution of poverty?

This work extends the spatial mismatch hypothesis's framing to include nonprofit organizations, specifically those with an anti-poverty focus. I anticipate that the research will be of interest to ARNOVA members whose interest is social and human service provision. It might also be of interest as a methodological paper, or in a panel that addresses the needs of low-income populations.

**Paper Number:** PA041108

**Paper Title:** Nonprofit Capacity-Building in the Pittsburgh Region: Who's Doing What, For Whom, and to What End?

**Author(s):**

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**Summary of Research**

This research contributes to a growing interest in measuring the effectiveness of capacity-building efforts of nonprofit organizations and the degree to which these efforts influence nonprofit organizational effectiveness.  Using a multi-method data collection and analysis plan that includes an existing environmental scan, organizational archives, a survey of 2700 Pittsburgh area nonprofit organizations, and data derived from focus groups and interviews, this research provides insight into what constitutes strong capacity building partnerships as well as a better understanding of what inhibits successful collaborations.

**Description**

This research contributes to a growing interest in measuring the effectiveness of capacity-building efforts of nonprofit organizations and the degree to which such efforts influence nonprofit organizational effectiveness.  We focus on an enduring but as yet unresolved issue in nonprofit management, funding policy, organizational, and sectoral capacity development: how to best conceptualize, develop, and evaluate systems to promote nonprofit effectiveness, sustainability, and capacity.  Specifically, our research defines the characteristics of effective capacity building initiatives by defining who (the capacity builders) is doing what (the kinds of support services provided) for whom (what types of nonprofits are engaging in capacity-building initiatives) and to what end (do capacity building initiatives produce desired organizational change).

Results from a mixed-method research design capture both the diversity of the sector and the continuum of support services offered to a variety of nonprofit organizations and their governing boards.  By situating our research in a particular nonprofit context, that of the Pittsburgh area, we are able to focus on a set of complex inter-organizational relationships within a specific nonprofit economy.  Using an existing environmental scan, organizational archives, a survey of 2700 Pittsburgh area nonprofit organizations, and data derived from focus groups and interviews, this research provides insight into what constitutes strong capacity building partnerships as well as a better understanding of what inhibits successful collaborations.  Our findings address substantial gaps in both the policy-oriented and academic literature by providing a comprehensive, empirically derived understanding about the link between capacity building efforts and organizational change.

Our study addresses two recent calls for research:  1) the need to explore the effectiveness of capacity-building approaches among different types of nonprofit organizations struggling with similar issues, and 2) the imperative for private and public institutions to have better information about the types of funding strategies that are likely to be effective for particular types of capacity-building initiatives.  Because our research incorporates qualitative interviews with capacity-building providers (consultants, management support organizations, and academic centers), we contribute to a better understanding of the challenges and potential barriers these service providers face in meeting the expectations of their constituents.

Our research findings make several contributions to the field of nonprofit management including suggestions for policy reform specific to funders and membership associations that invest in or serve the capacity-building industry (e.g., The Alliance for Nonprofit Management and similar local initiatives); recommendations for curricular development at universities and academic centers to improve the practice of capacity building initiatives in the nonprofit sector; and methodological insight for assessing of the quality of nonprofit capacity building industries in other regions.

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**Paper Number:** PA041332

**Paper Title:** Acting Together for Public Good: Sustainability and Representation in Local Coalitions

**Author(s):**

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**Summary of Research**

Much of the work of philanthropy occurs through coalitions.  Large foundations often require evidence of an inter-organizational coalition as a condition for receiving grant funds.  The push for coalition work in communities gets further bolstered by professionals (many of whom work in nonprofit organizations) who view their work as extending beyond the boundaries of their employer organizations.  This paper develops a collective action theory of the expected challenges of sustainability and representation in such coalitions and tests the theory against qualitative evidence concerning sustainability and representation from public health coalitions in three communities.

**Description**

Much of the work of philanthropy occurs through coalitions.  Large foundations and government agencies often require evidence of an inter-organizational coalition as a condition for receiving grant funds.  The push for coalition work in communities gets further bolstered by professionals (many of whom work in nonprofit organizations) who view their work as extending beyond the boundaries of their employer organizations.  The continuing emphasis of grants and public policies on coalition building means that effective philanthropy depends heavily on coalition processes.  This paper develops a collective action theory of the challenges of sustainability and representation in coalitions and tests the theory against qualitative evidence concerning sustainability and representation of public health coalitions in three communities.

Public health has been an area with strong attention by professionals, government programs, and foundations on community coalitions.  Some works stress that these coalitions involve coordination of government and nonprofit organizations (Alexander, Comfort, and Weiner 1998; Braithwaite, Taylor, and Austin 2000; Davidson 1992; Powell 1990; Tuggle 2000).  Butterfoss and colleagues focus more on the individual level by defining coalitions as groups of individuals who choose to work together to achieve a common goal and notes that those individuals work in the coalition to represent organizations or to represent other constitutiencies in the community (Butterfoss, Goodman, and Wandersman 1993).

This paper stresses an understanding of coalitions as entities comprised of individuals, most of whom are tied to organizations and consitituencies.  Most of these individuals are at the table at least in part because of at least one organizational affiliation.  However, they are often not there on organizational command, they are not necessarily invited solely to represent a specific organization, and, research on the public work of clergy (Crawford, Deckman and Braun 2001; Crawford and Olson 2001; Crawford, Olson, and Deckman 2001) suggests that they do not necessarily feel constrained to speak only for their employing organizations' interests.  Individual actors in coalitions are professionals who tend to have some autonomy to choose if and how to engage in coalition efforts.  These professionals are employees and/or leaders of the organizational entities who are often the "official" coalition partners.  Yet these professionals also work as members of a specific profession with resulting ties to other professional organizations and professional norms that also influence their coalition work.  Coalition work, then, involves a complex negotiation of individual, professional, and organizational interests.

Coalitions involve cooperation that often requires commitments from professionals and sometimes requires commitments from their respective organizations.  We know from work on collective action that cooperation does not flow easily from a collective recognition that working together would benefit all parties.  Cooperation, even in situations where the shared benefit is clear, can be difficult to develop and even more difficult to sustain.  However, we also know that cooperation does occur in empirical settings more than would be expected based on sparse self-interest models and that the presence of certain kinds of players and/or the presence of certain kinds of institutions can foster and help sustain

cooperation (Just a few examples of such studies: Feiock 2003; Ostrom 1990; Ostrom 1998; Ostrom and Ahn 2002; Ostrom and Walker 2003; Schelling 1973; Stone 1989; Warren 2001).  Consequently, scholars have developed collective action models that incorporate attention to personal and institutional factors that facilitate cooperation.  This paper tackles the issues of sustainability and representation of coalitions from this perspective.  It uses institutional collective action theory, informed by existing empirical studies of coalitions and networks (for example: Agranoff and McGuire 1998; Goerdel 2003; Kickert, Klijn, and Koppenjan 1997; O'Toole 1997; Powell 1990; Taylor 2003), to develop propositions concerning the challenges of sustainability and representation in coalitions.  Of particular concern are propositions that explain the influences of grant rules, professional norms, time limitations, and information limitations on coalition dynamics.  The paper then turns to an initial test of these propositions by comparing the propositions to findings concerning sustainability and representation from qualitative analysis of public health coalition work in three communities.  It concludes with discussions of the implications of the findings for nonprofit professionals and for scholars of philanthropy and policy.

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**Paper Number:** PA041413

**Paper Title:** Made in Hungary But Invented in the United States: Nonprofit Sector Building in Hungary, 1989-2004

**Author(s):**

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**Summary of Research**
Nonprofit sectors as independent institutions do not organically emerge: they are strategically constructed, and their emergence can take centuries. In postsocialist societies sectoral development took place in a compressed period of time, and followed an explicit strategy, pointing to the existence of a blueprint. This paper will argue that parts of this blueprint came from the United States through private foundations. In Hungary the blueprint was adapted and implemented by local nonprofit sector builders, nonprofit metaorganizations. Eight of these organizations were selected for an in-depth qualitative study that explores the practice of building a nonprofit sector.

**Description**

We tend to assume that the existence of nonprofit organizations in a country unequivocally signals the existence of a nonprofit sector. Though voluntary organizations and charities have existed since the 10th century in Europe and since the mid-18th century in the United States (Kuti 1996; Les et al. 2000; Poinier 1997), the idea of a nonprofit sector is the product of very recent institutional developments (Hall 1992). Only since the 1970s have nonprofits in the United States engaged in concerted sectoral organizing, and the idea of treating hospitals, foundations and charities as part of a unified sector goes back only to the 1960s. Why and how does the need for a nonprofit sector emerge, and how are nonprofit sectors made? In post-socialist societies these developments took place in a compressed period of time, and followed an explicit strategy, pointing to the existence of a blueprint.

In many ways, Hungary epitomizes the fate of post-socialist nonprofit sectors. In socialist Hungary nonprofits were illegal until 1989 (Kuti 1996). After a 40-year hiatus there was an exponential growth: from 1989 to 1990 there was a 45% increase in the number of nonprofit organizations. The nonprofit sector as a concept, and thus the idea that all these organizations are unified into a single institution, appears in the parlance of Hungarian nonprofits and the government by 1991, nearly simultaneously to the formation of the very first nonprofits (Kuti 1991).

Where did the blueprint come from for nonprofit sector development in Hungary? Since the 1970s the United States has acted as the key promoter of democratization around the globe (Huntington 1991). To stabilize the new world order at the end of the Cold War the United States government and private foundations launched massive aid programs to export the democracy-cum-market economy model to post-socialist countries. When the need arose in 1992 to organize and professionalize nonprofits in Eastern Europe (Siegel and Yancey 1992), instead of the usual grant, loan and consultancy programs of the aid model, nonprofit sector development took a new shape. US foundations founded or assisted the founding of professional local nonprofits in Eastern Europe who were entrusted with the task of developing civil society and the nonprofit sector. These nonprofit metaorganizations promote, coordinate and command nonprofit sector building by organizing members of the nonprofit sector, representing the interests of the sector, and nurturing collective rationality.

In 2000 five U.S. private foundations that have been active in democracy and civil society assistance in Central and Eastern Europe since 1989 established a $75 million trust to ease their exit from the region. As a reaction to the imminent withdrawal of U.S. grants from Hungary, eight of the most prominent Hungarian nonprofit metaorganizations joined together to provide guidance for the nonprofit sector's entry into its post-U.S. stage of development. An era has ended in the life course of postsocialist nonprofit sectors.

This paper will explore how these eight nonprofit organizations engaged in the practice of building a

nonprofit sector from its very inception in 1989 throughout its first fifteen years.
First, I will investigate the history and activities of these nonprofit metaorganizations. What do they do to accomplish their stated mission of building a nonprofit sector, and how do they think that contributes to civil society? What are their normative and organizational visions of what sort of a nonprofit sector a democracy should have? Second, I will focus on the institutional design of the nonprofit sector, and the origin of models and blueprints for sector development. What role did US private foundations and USAID programs play in nonprofit sector development and the emergence of nonprofit metaorganizations in Hungary?

Nonprofit sectors as independent institutions do not organically emerge: they are strategically constructed. I will build on the literature of the new institutionalism in organizational analysis (Powell and DiMaggio 1991) and economic sociology (Fligstein 2001) to develop a sociological understanding of nonprofit sectors as institutions and of nonprofit sector building. New institutionalism understands institutions as shared typifications, scripts and rules; these can take the form of both organizations (or sectors of organizations) and cognitive constructs. Thus, building nonprofit sectors requires not only developing institutional infrastructure and capacity, but also compels sector-builders to act as missionaries of ideas. Only a study rooted in thorough empirical investigation can understand this complex process.

The paper builds on in-depth interviews conducted with the staff of these eight nonprofits and with nonprofit experts; and document analysis of organizational materials.

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**Paper Number:** PA041085

**Paper Title:** Samaritan's Dilemma Revisited: How Nonprofits can Encourage Citizen Coproduction of Government Services

**Author(s):**

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**Summary of Research**

This paper revisits the classical Samaritan's Dilemma in game theory, which says that a Samaritan who wants to help someone actually creates an incentive for that person to put less effort into helping himself.  This same dilemma exists in many of the social services provided by the government to its citizens.  However, this paper argues that in many instances nonprofit organizations can foster coproduction by helping to overcome or restructure the incentives that prevent coproduction, often by changing the cost and benefit structure of coproduction and informing participants of the true benefits associated with coproduction.

**Description**

Issue to Be Addressed

Despite the high demand for government-sponsored social services, there is no guarantee that just because these services are provided that they will be successful.  For instance, a person in a rehabilitation program won't necessarily stop using drugs.  Often the deciding factor in the success of these services is the extent to which the recipients work with the government agency to coproduce the service.  This paper addresses the issue of citizen coproduction of government-sponsored social services and seeks to understand the ways in which nonprofit organizations acting in various capacities can help to overcome the incentives that prevent effective coproduction.

State of Knowledge in Field

Coproduction is essentially the involvement of the consumers of a service in the actual delivery of that service (Brudney, 1985; Brudney & England, 1983).  Through the active involvement of those receiving the service, service delivery is improved and the overall quality of the service increases.  This paper focuses primarily on coproduction in soft, or human, services (Whitaker, 1980) that require active, rather than passive, coproduction (Rich, 1981).  These services are where coproduction is most vital because they require transformation of the client, meaning some alteration of their behavior or knowledge (Whitaker, 1980).

Coproduction of the services offered by political institutions is vital to the functioning and health of a democracy.  Coproduction is a form of citizen participation in the daily operation of political institutions and is a component of good citizenship (Rosentraub & Sharp, 1981).  However, big government detracts from citizen pariticipation (Brudney, 1985).  If the government does everything, there is no incentive for citizens to do anything and this detracts from social capital and a healthy civil society. Citizens who coproduce incur real costs, so it is not surprising that many citizens do not adequately coproduce services (Whitaker, 1980).  In addition, the public sector is often inefficient in determining the correct mix of government production and citizen production of goods (Parks et al., 1999).  The level of coproduction also varies with the demographics of the area.  Higher-income, primarily white neighbors tend to coproduce more than lower-income, ethnically diverse communities (Rosentraub & Sharp, 1981).  In addition to that, less socially cohesive and integrated neighborhoods with few resources and where individuals have little stake in community have a very low probability of coproduction (Sundeen, 1985).  Non-profit organizations often focus on providing services to these poor, under-represented and marginalized groups.  Therefore, we expect more non-profits in communities with greater ethnic and cultural heterogeneity (Smith & Lipsky, 1993).  Because these are precisely the people who are less likely to coproduce services, non-profit organizations have the opportunity to influence coproduction.

Approach of Paper

This paper uses game theory to show how coproduction of government services can be thought of in terms of a Samaritan's Dilemma game, which says that a Samaritan who wants to help someone

actually creates an incentive for that person to put less effort into helping himself (Buchanan, 1977). The game is then modified to show how non-profit organizations can influence the outcome of the game by helping to overcome or restructure the incentives that prevent coproduction, often by changing the cost and benefit structure of coproduction and informing participants of the true benefits associated with coproduction.

Contribution of Paper
This paper contributes to our knowledge and understanding of the decisions that citizens must make when deciding whether or not to coproduce human services and the incentives that they face.  An understanding of the incentive structures of coproduction can inform public policy about the circumstances and context in which non-profit organizations can stimulate citizen participation and coproduction.

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**Paper Number:**  PA041254

**Paper Title:** Building Civic Capacity?  A Study Examining the Perceived Individual Effects of
 Participation in Advocacy-Based Non Profit Organizations

**Author(s):**

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**Summary of Research**
This paper is based upon research conducted to determine if and how nonprofit organizations assist in fostering deTocqueville's idea of self-interest rightly understood and function as schools for democracy. More specifically, this project provides empirical qualitative research that explores the role nonprofit organizations play in the building civic capacity.  This work builds upon, tests, and extends existing theoretical and normative arguments regarding the societal benefits of individual citizen involvement with nonprofit organizations.  It does this through an in-depth examination of the internal, political, and civic effects and consequences of individuals' participation in advocacy-based human service nonprofit organizations.

**Description**

   In 1835, deTocqueville (1966) brought to the forefront the idea that associations are a unique and integral component of democracy.  As Hooghe (2003) points out, "deTocqueville attributes two different functions to these associations.  Not only do they empower individuals, enabling them to overcome their individual weaknesses, they also function as a learning school for democracy, where members learn to deliberate, reach compromises, and work for the common good"(p. 49).  Since that time, numerous scholars have attempted to examine the role and place of nonprofits in a democratic society (Warren, 2001; Hooghe, 2003; Frumkin, 2002; Couto, 2001; Salamon et al, 1999; Clark, 2000; Ware, 1989). Despite the multiplicity and diversity of theoretical perspectives, what is commonly agreed upon is that in some capacity, nonprofit associations are a key component in the fostering of civil society.   What is less clear, are the ways in which happens.

   To date, there is a lack of empirical research on the role nonprofit organizations play in fostering democratic governance and in building the civic capacity of individuals.  The research that has been done consists typically of measuring social capital through an analysis of voting patterns, numbers of organizational memberships, and the like.  What are missing are studies that utilize qualitative measures in order to assess the meaning behind, as well as the effects of, participation in nonprofit associations on those individuals who participate.  This research attempts to begin filling in the gap between the theoretical and empirical as it relates to nonprofit organizations and their ability to build civic capacity.

   It is commonly theorized that nonprofits are uniquely situated to foster democratic outcomes and civic capacity due to their ability to mobilize resources and networks, draw on experience from direct service provision, advocate on behalf of diverse groups, and build trust and reciprocity (Couto, 2001; Clark, 2000).  Because of the vast diversity found within the nonprofit sector, this study only focuses on advocacy-based human service organizations.  Advocacy-based human service organizations were identified as the unit of analysis for this study because these organizations, unlike many other types of nonprofits, have historically relied on the aforementioned abilities.  It would be likely that organizations whose missions involve civic education or increased citizen participation (League of Women Voters, National Civic League) would foster democratic outcomes among its participants.  What are of particular interest to this study are organizations that do not have fostering democratic governance or civic skills as a guiding mission, but may in fact, through their efforts achieve democratic outcomes.

   Based upon 66 qualitative interviews conducted with board members and volunteers of the aforementioned nonprofit organizations, this paper addresses the following questions:  Does participation in nonprofit organizations build an individual's civic capacity?  How and to what extent is this happening?  What are the individual internal, political, and civic effects on those who are involved?

How do those who participate view their participation and its effects?  Is there a difference between reported effects and those effects that are assumed in the literature?  Does organizational structure affect outcomes? Are there differences in effects based upon what role one plays in the organization? And does work in nonprofits provide an entrée for people into a larger arena of civic engagement?  This paper will also attempt to answer the question of how we make the link between participation in nonprofit organizations and participation in a democratic state?

**Paper Number:**  PA041273

**Paper Title:**  The problem of government funding for building social capital

**Author(s):**

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**Summary of Research**

This paper draws on an organisational survey in Australia to empirically test the ways that non-profit organisations are said to reproduce social capital. The findings support the thesis that different associations produce varying types and levels of social capital, theory that has been developed from the findings of population surveys. More importantly, this research is able to unpick important organisational characteristics that have an impact on social capital reproduction, such as size, dependence on government funding, field of activity and the primary beneficiaries of associational activity. The paper concludes by briefly discussing the implications for non-profit leaders and government policy-makers.

**Description**

Non-profit organisations are said to play an important role in the reproduction of social capital. They do so in two ways. First they are sustained by the voluntary action of members and volunteers (they act as incubators of social capital); second, they are part of larger networks in their neighbourhood and 'upward' to higher levels of association (they contribute to public social capital). International research suggests that some non-profits are better able to contribute to social capital than others (Dekker and van den Broek, 1998; Foley and Edwards, 1996; Stolle and Rochon, 2001; Torpe, 2003). The reasons for these differences are many: as an organisation grows financial resources may replace voluntary inputs from members and volunteers; the industry in which an organisation operates might necessitate different levels of 'professionalisation' at the expense of voluntarism; self-sufficiency on the back of increased financial resources might limit interaction in formal and informal networks. More specifically, for many non-profits growth stems from government funding, but does it limit the capacity of these organisations to reproduce social capital?

Unlike the research cited above, which analyses population surveys, this paper is based on an organisational analysis, and a such it tries to unpick important organisational characteristics that might go some way to explaining research findings stemming from population surveys. It draws from data gathered in a stratified random sample survey of incorporated associations in New South Wales, Australia's most populous state. Associations represent the most common form of incorporation for non-profit organisations in Australia. As such they lie at the heart of the nation's non-profit sector and operate across a range of industries and service areas.

We show that in general, as associational revenue grows, the extent of internal social capital building capacity (measured by member and volunteer engagement) falls. The decline is most marked as the level of, and dependence on government funding increases. This relationship is particularly sharp across all fields of activity, but also holds constant within them. In terms of public social capital (as measured by engagement in formal and informal organisational networks) the pattern is generally reversed, that is as total revenue increases engagement in networks does too, and there is similar relationship between dependence on government funding and engagement in networks. However, the relationship only really takes hold in respect of informal networking, especially the regularity (or not) of working with other non-profits to tackle common issues. Conversely, associations of all sizes, and with differing levels of dependence on government funding, are in general as likely to belong to formal (vertical) networks. There are also distinct patterns by field of activity.

The paper links these findings with those from population surveys. The organisation-based analysis supports the thesis that not all associations are alike when it comes to reproducing social capital.

However, we are able to go further, by revealing that organisational characteristics, especially size (as measured by overall revenue), the degree of dependence on government funding, and field of activity have significant and interlinking impacts on the capacity for associations to reproduce social capital. Importantly however, these impacts are differential. Our research suggests that the capacity of associations to reproduce internal social capital (or to anchor it) is inversely related to overall size and dependence on government funding, which themselves have marked differences by field of activity. The picture for public social capital (organisational networks) is more complex, although here it seems that increased size and dependence have a beneficial impact on organisational linkages, especially those that entail regular joint working. Again there is a significant field of activity pattern here. One explanation seems to be a difference in who primarily benefits from associational activities. Those organisations that stress member-benefit only tend to be more closed off from other non-profits and more focused on reproducing social capital internal to the organisation (though this will likely have impacts beyond the association that were not measured in our survey). In contrast, those specifying that they primarily benefit the wider community were stronger at reproducing public social capital. The paper concludes by briefly discussing the implications for non-profit leaders and government policy makers.

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**Paper Number:** PA041328

**Paper Title:** Changes in Social Capital Quality and the Roles of Nonprofits in Japan

**Author(s):**

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**Summary of Research**
This paper aims to grasp the changes in social capital quality and the roles of nonprofits in Japan. The author analyzes changes in the relationships between nonprofit organizations and government (and traditional associations), and the roles of nonprofits in Japan with three cases--Fukui, Kyoto and Okinawa. The major findings are that social capital in Japan has transformed to a more thin, outward-looking and bridging characteristics with the roles of nonprofits expanded. Nonprofits utilize various community resources and create new values for sustainable and visionary communities, forming partnership with government and traditional and other actors.

**Description**

This paper aims to grasp the changes in social capital quality and the roles of nonprofits in Japan. The first comprehensive survey by the Cabinet Office of the Japanese Government in 2003 revealed the complementary and mutually strengthening relationship of social capital components and civic activities, and that social capital has a major city-rural gap and some changes overtime in Japan (Nishide and Yamauchi 2003). How is the quality of social capital different among different communities and how it has transformed?

The author analyzes changes in social capital quality in Japan from the three aspects: (i) changes in the relationships between local governments and nonprofit organizations, (ii) changes in the relationships between traditional local associations and nonprofit organizations, and (iii) changes in the concept of "governance" and the role of nonprofit organizations in the Japanese communities.

The author takes up three communities in Japan--Fukui, Kyoto and Okinawa, each of which has shown distinctive social capital trends in the Social Capital Index (Cabinet Office of Japan 2003) and the Civil Society Index (Yamauchi 2003), and how the nonprofits have played the roles in the social capital creation.

The changes in quality of social capital are analyzed using the four classifications identified by Putnam and Goss (2002): (i) formal vs. informal, (ii) thick vs. thin, (iii) inward-looking vs. outward-looking, and (iv) bridging vs. bonding social capital.

The major findings of the case studies are that the social capital in Japan has transformed to a more thin, outward-looking and bridging characteristics with the roles of nonprofits expanded. It is also notable that each community has had rich history of traditional associations and distinctive styles of cooperation system and each community has endeavored to cherish these traditions. With the advent of newly-typed nonprofit organizations in the last decade, however, the fabric of community has transformed:

In sum, nonprofits forming collaboration and partnership with local governments and traditional community-based organizations and other community actors utilize various community resources, integrate old and new assets, and create new values for sustainable and visionary communities.

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**Paper Number:**   PA041070

**Paper Title:**  Through Thick and Thin: the uneven qualities of Civil Society in Benin and Baltimore

**Author(s):**

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**Summary of Research**
The literature assumes fundamental differences between civil society in the developed and developing worlds, and thereby discourages comparisons.  In my experience, as a researcher in Benin (West Africa) and a foundation program officer in Baltimore (USA), it is possible and useful to probe fundamental dynamics of civil society using evidence from different cultures.  This paper identifies factors influencing variations in the 'thickness' (stability and effectiveness) of civil society organizations. Critical factors are credibility and competition, because both impact civil society organizations' ability to garner and generate funding.

**Description**

As Jonathan Fox points out in his article "How Does Civil Society Thicken? The Political Construction of Social Capital in Rural Mexico" (World Development, Vol.24: No.6, 1996) we are far from understanding what strengthens and what weakens civil society in the communities where we work.  The model proposed by Robert Putnam in Making Democracy Work (1993), of deep historical and cultural forces producing "virtuous circles" (that reinforce the production of social capital) and "vicious circles" (that inhibit the production of social capital) has left many unsatisfied.

Putnam's model implies that social capital is (to use Fox's phrase) of uniform "thickness" in areas, such as southern Italy, that share a similar history and culture.  Fox found no such uniformity in rural Mexico, and he attributed this variation in the thickness of civil society across different communities to the uneven strength of local initiatives, as well as interactions (both constructive and destructive) with government agencies and officials, and outside institutions such as the Catholic Church and nonprofit organizations.

My own research in the Republic of Benin ("Not a Circle But A Spring: A Case Study of Civil Society in the Republic of Benin", dissertation submitted to the Johns Hopkins University, 2001)and my work as a program officer for a Baltimore foundation both complement and challenge Fox's findings.  As the dissertation title indicates, I found Putnam's model of vicious and virtuous circles problematic.

In Benin, during and after the restoration of democracy in 1990 (following 17 years of one-party rule) there was an immediate flowering of civil society,  as prominent individuals returned to the their home districts to recreate development associations and traditional kingships, and many different professional and interest groups formed non-governmental organizations in urban areas.  Through the study of national-level documents and an ethnographic case study in one semi-rural district, I found that the flow of civil society in Benin more resembled a spring -- flowing at certain times, dry at others -- than a circle (whether virtuous or vicious).

In Baltimore's neighborhoods, civil society organizations vary greatly in stability and effectiveness across neighborhoods.  There is constant competition for resources among the different organizations. The philanthropic community usually focuses its limited neighborhood revitalization funding in areas where effective organizations already exist, while public agencies provide funding more on the basis of documented need within a neighborhood.

After outlining the uneveness of civil society in Benin and Baltimore, my paper will discuss why civil society gains or loses strength.  Do the answers that Fox proposed for Mexico apply to the small towns and rural villages of Benin?  Or to neighborhoods in Baltimore?  In both cases, local government has lost funding and credibility over the past 30 years, and many look to civil society as a solution to a range

of difficult problems.


Approach

My approach to the paper is three-fold.  First, I will introduce the problem to be addressed, and briefly discuss my definition of civil society, which focuses less on normative assumptions about the political and economic benefits of civil society, and more on what I consider the "amphibious" nature of civil society associations -- the idea that they are simultaneously private and public (drawn from Charles Taylor, "Modes of Civil Society", Public Culture, Fall 1990 and Montesquieu, Spirit of the Laws).  I agree with Thomas Carothers ("Think Again: Civil Society", Foreign Policy Magazine, Winter 1999-2000) that civil society can be destructive as well as constructive, and should be analyzed, not romanticized.

Second, I will outline the dynamics of civil society organizations in Benin and Baltimore.  In Benin, I will focus on the district of Sakete, where I undertook an in-depth case study of a development association, a competing youth association, and a restored kingship.  While civil society appeared to be resurgent in Benin after the return to democracy in 1990, national elections in 1995 paralyzed many newly created or recreated associations, because their leaders became immersed in efforts to gain access to elected offices.  In Baltimore, I will draw on my extensive interactions with civil society organizations between 1998 and the present, as well as a statistical surve of neighborhood associations collected by the Baltimore Neighborhood Indicators Alliance (www.bnia.org).

In the third and most important section of the paper, I will focus on the questions (mentioned above) concerning what strengthens and what weakens civil society.  Fox argues that local initiative is just one factor in thickening civil society; in addition, government can both repress and encourage the creation of civil society organizations and networks, and that outside allies can be essential to these efforts.  One factor that Fox does not mention explicitly is money.  The durability and credibility of the civil society organizations I observed in Benin and Baltimore was directly linked to the ability of the leadership to create a steady source of income for the organization.

In Benin, the problem was not, as one might assume, that people in the small towns and rural villages of Benin are too poor to support associations.  Leaders of small agricultural associations did not have as prestigious educational and professional backgrounds as the leaders of the larger associations, but they were able to demand, and receive, a certain amount of money from each of their members as payment to join, because the benefits of joining were tangible.  The issue was one of associational credibility (or a lack thereof) as a barrier to financial support.  Sakete's civil society organizations were rarely able to develop a constituency that would financially support the basic operations of the organization as it grew beyond infancy.

In Baltimore, money also often follows credible leadership and effective constituency building. Since civil society organizations are in tight competition for private and public dollars,  leaders have convince foundation staff, public officials, and representatives of local anchor institutions (universities, hospitals, businesses) that a particular organization is an effective vehicle for change before they can get grants or loans.  The factors that Fox proposes all remain important, but to understand what is happening in Benin and Baltimore it is essential to weave money into our understanding of the political factors (local initiative, outside allies, government support or repression) that strengthen or weaken civil society.

Contribution

Howell and Pearce (Civil Society and Development: a critical exploration, 2001) argue forcefully that there are two camps of civil society advocates in the world today: those who believe in the capitalist system, and think that civil society is a necessary complement to that system; and those who reject the ascendancy of capitalism, and view civil society as challenging capitalist dominance, or providing alternative social, political and economic structures. In the Benin case study, in a country impoverished after 17 years of Marxist single-party rule, civil society leaders certainly were not rejecting capitalism, nor seeking alternatives to it.  They felt cut off from social and economic opportunity, left behind by

progress they knew was occurring elsewhere, and wanted to somehow channel that progress to their hometown.  But politics intervened, and progress remained elusive.

In the many communities around the world, including many urban areas in the United States where residents share Sakete's sense of disconnection from progress, there is the hope that civil society organizations will galvanize local resources and attract outside support, and then long-awaited progress will occur.  Public and private funders, national and international, steadily promote this vision of change.  My paper argues that we have to be clearer about the difficult financial issues inherent in this approach.  Civil society organizations depend on three potentially problematic streams of income: private contributions, government funding, and earned income (Bruce Sievers, "If Pigs Had Wings: The Appeals and Limits of Venture Philanthropy", 2001).  If we advocate civil society as an effective mechanism for solving tough social, economic and political problems, we need to better understand the major barriers that civil society organizations face in garnering and generating income.

**Paper Number:** PA041152

**Paper Title:** Measuring Civil Society: Toward A Global Civil Society Index

**Author(s):**

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**Summary of Research**

This paper constructs, presents and evaluates an index measure that estimates the aggregate organizational capacity, sustainability and impact of civil society organizations in different countries. The index draws on the existing data on employment, volunteer participation, and financials of the civil society organizations in 34 countries and combines them with assessments of legal and governance systems to produce four summary measures that allow to rank-order individual countries. The methodology of index construction and the potential application of the proposed index in the areas of public policy, advocacy and cross-national research are discussed.

**Description**

This paper introduces an index measure that estimates the aggregate organizational capacity, sustainability and impact of civil society organizations in different countries. The index draws on the existing data on employment, volunteer participation, and financials of the civil society organizations in 34 countries and combines them with assessments of legal and governance systems to produce four summary measures that allow to rank-order individual countries.

Indexes provide a way to take account of the various dimensions of complex phenomena and portray them in summary form. This makes them easier to comprehend and easier to use for both policy and analytical purposes. Examples of social indexes include the Human Development Index created by the United Nations Development Program, providing a summary measure of human development using three broad dimensions—life expectancy, knowledge, and standard of living—each of which is measured against international experience. Another example is the Freedom House produces an annual index of global political rights and liberties based on a lengthy check-list of questions (Freedom House 2000) and a number of scholars have similarly formulated indexes to measure the prevalence of democracy (e.g. Arat, 1991; Hadenius, 1992; Munck and Verkuilen, 2002).

Civil society sector has become a matter of increased analytical and policy concern throughout the world. National governments, international organizations, private foundations, and third-sector organizations have sought to promote civil society in the hope that this will contribute to democratization, poverty alleviation, and the accumulation of social capital. However, civil society remains an elusive concept, and an even more elusive reality. Little agreement exists about how to define the concept and measures of its presence or absence have therefore been hard to construct.

Some useful headway has recently been made in conceptualizing the civil society sector and translating it into operational terms. The U.S. Agency for International Development, for example, has developed a Non-governmental Organization (NGO) Sustainability Index that seeks to measure the "sustainability" of nongovernmental or nonprofit organizations using a 7-dimension scale. CIVICUS, the World Alliance for Citizen Action, has created the so-called Civicus Diamond, which assesses the character and development of civil society along four basic dimensions—structure, environment, values, and impact. In both cases, the basic indicators used to measure these various dimensions of civil society are judgments and scores assigned by various local "experts." Another index, developed by Anheier and Stares, uses more objective attitudinal and other data, but focuses more narrowly on cross-national manifestations of civil society as opposed to its domestic manifestations (USAID, 2001; Heinrich and Naidoo, 2001; Anheier and Stares, 2002, 241-254.) These efforts have been significantly constrained, however, by the long-standing gross lack of basic empirical data in this field and a tendency to focus on essentially subjective measures.

The proposed index addresses this problem by introducing an easy to understand and relatively easy to construct measure that is based on the available "hard" data, such as employment statistics, volunteer input surveys or financial flows, and allows a quick comparison of the state of civil society sector in different countries. Such comparisons hold considerable policy, diagnostic, and analytical promise. Armed with this index, advocates of the sector and policymakers will be able to gauge not only where their countries stand vis a vis other countries in the development of their civil society sector, but also what steps might usefully be taken to improve the situation. Students of civil society will be able to use this index to test theories relating the presence or absence of civil society to such factors as economic growth, popular well-being, and democratic practice.

The paper also discusses how well the proposed index meets the generally accepted standards for social measures, such as conceptual clarity, validity, reliability, as well as its cross-national comparability and practical usefulness. While the proposed measure scores reasonably well in these respects, the areas for future improvements and refinements include the conceptualization of the component indicators, and improvements in the quality and availability of suitable data.

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**Paper Number:** PA041174

**Paper Title:** A Test of Social Capital Theory Using Structural Equation Modeling

**Author(s):**

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**Summary of Research**

Robert Putnam identified seven factors that serve as the building blocks of social capital: political participation, involvement in civic organizations, religious participation, workplace connections, informal social connections, altruism and philanthropy, and trust. This paper tests Putnam's theory using Structural Equation Modeling (SEM), an advanced statistical technique that permits examination of latent constructs through a series of measurable indicators. Data used in the modeling process come from the 2002 General Social Survey, a nationally representative random sample of 1366 American adults. Preliminary findings indicate that some of these factors play a stronger role than others in creating a civil society.

**Description**

Robert Putnam (2002) has argued that social capital is fundamental to civil society. He advances a theory in which seven factors comprise social capital: political participation, involvement in civic organizations, religious participation, workplace connections, informal social connections, altruism and philanthropy, and trust. While Putnam systematically demonstrates that these seven factors have been trending downward together, he provides much less statistical evidence about the relatedness of these factors to one another, nor of their strength of association to the larger concept of social capital. Salamon and Anheier (1997) on the other hand, suggest that the nonprofit sector, being a vehicle for philanthropic and voluntary action, represents the key component of civil society.

 Treating Putnam's variables as a seven-factor model, this paper will examine each of these factors and their relationship to the higher-order factor of social capital. Through a rigorous statistical test, this analysis aims to answer the following questions: Do the seven factors identified by Putnam actually constitute one higher-order factor, "social capital"? Do these seven factors play an equal role in the formation of social capital, or do some factors contribute more than others to a civil society? Is it possible that altruism and voluntary action are the most important factors in creating social capital? It is conceivable that social capital can be explained in fewer factors to resemble a more parsimonious model?

The data used in this analysis comes from the 2002 General Social Survey, which contains several measurable indicators for the seven factors to be examined. The GSS is an in-person, full probability sample of adults living in households in the United States. It had a response rate of 70.1% and 1366 completed cases. In this year, the GSS contained a battery of questions referred to as the National Altruism Survey, which contains several measures of altruistic behavior such as volunteering time for a nonprofit and donating money to charity, as well as altruistic values.

Both the proposed paper and presentation will offer a brief and non-technical overview of structural equation modeling and the advantages of this tool over other statistical methods for analyzing the questions at hand. The Structural Equation Modeling (SEM) process is performed using the LISREL software package (Linear Structural RELationships). SEM is a powerful statistical analytic technique that allows researchers to test relatively complex theory involving relationships between latent constructs in a single analysis. Each latent variable is measured through a series of directly observable indicators. Whereas traditional statistical approaches such as ordinary least squares regression provide only one good measure of overall model fit ($R^2$), SEM analysis provides multiple measure of goodness-of-fit that take into account various aspects of the model. Moreover, SEM provides estimates for each pathway in the model. Thus, we can test whether or not altruism and philanthropy play a greater role in social capital than workplace connections, for example.

Based on a review of the literature, structural equation modeling has never been used to test social capital theory. This research will contribute to the state of knowledge about civil society by providing a

better sense of how much each of these seven factors contributes to social capital. Preliminary findings from this analysis suggest that some of the factors identified by Putnam play a very strong role in the creation of social capital, while others contribute much more modestly.

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**Paper Number:**   PA041248

**Paper Title:**  Towards a Classification Framework for Social Enterprises

**Author(s):**

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**Summary of Research**

The Paper consists of a review and definition of the social economy sector in the UK and Ireland.  This is followed by a review of the current continuum literature and a summary of the reviewed models, such as Billis (2003), Stull (2003), and Paton (2003).

Following this the Literature review the authors present a draft Classification Framework for Social Enterprises in Ireland (Crossan (2004)), discussing the 4 stage typologies within the Framework.

**Description**

Proposal for Paper Submission to 33rd ARNOVA Conference


Towards a Classification Framework for Social Enterprises

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ABSTRACT

The concept of the social economy has been used for many centuries and is said to have occurred in the earliest farming co-operatives in Ireland and Central Europe.  However, to those looking at the subject afresh, it would appear as if it is a more recent discovery and in particular within the last 4 years

has become the means by which governments, in the UK in particular, might find an answer to the issues of social exclusion, disadvantage and more sceptically, reduce long term public spending in key areas of health, transport and unemployment.

The paper attempts to review this issue and address the following questions:
1. Is there a continuum of practice between the community and voluntary sector, the social economy sector and the private sector in Ireland?
2. Can social enterprises and private enterprises be classified along the continuum using identified variables?
3. Could such a classification inform government policy makers as to the type, duration and mechanisms of suitable support for the sustainability and development of social enterprises in the future?
4. What economic advantages can social enterprises learn from adjacent private enterprises on the continuum and vice versa?

The paper consists of a review and definition of the social economy sector in the UK and Ireland. This is followed by a review of the current continuum literature and a summary of the reviewed models, such as Billis (2003), Stull (2003), and Paton (2003).

Following this the Literature review the authors present a draft Classification Framework for Social Enterprises in Ireland (Crossan (2004)), discussing the 4 stage typologies within the Framework. The Classification Framework has significant implications in Ireland and potentially further afield, as it allows for the definition and positioning of enterprises along a continuum of social and commercial activity spanning from wholly not for profit activity to entirely profit driven organisations. The Framework allows policy makers to target assistance along the Framework and also facilitates opportunities for knowledge transfer between not for profit and profit driven businesses.

The paper illustrates the Framework using relevant case studies located in the border area of County Derry and County Donegal.

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