

NONPROFITS, STATES, AND MARKETS

Spring 2009 UEP 273/Sociology 184

Class meets Tues. 1:30 – 4:00 Eaton 102

Office hours, Tues. 4:00 to 5:00 p.m., Thurs. noon to 1:30, and by appointment .

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****Prerequisites:** All students *must* have some experience working as a volunteer or paid staff in at least one nonprofit organization off the Tufts campus and not affiliated with Tufts. Course is intended for advanced undergraduates and graduate students. Some familiarity with social science perspectives, preferably previous course[s] in Sociology, is preferable

What is this course about? What will I learn? – Nongovernmental nonprofits (or NGO's) are now seen around the world as a cornerstone of civil society. They are considered essential to meet public and social needs, advocate for effective public policy, and provide public spaces for people to engage in democratic action. This course is organized around the following pivotal issues and questions:

- What is a nonprofit, why do nonprofits exist, and what do nonprofits do best?
- What are some current pressing challenges for nonprofits, why are they happening, and what can be done?
- What is the relationship between nonprofits and government? How and why have nonprofits been used to provide for the public welfare?
- Why and how are nonprofits important to democracy, civil society, public policy advocacy, community building, and community organizing?
- How do for-profits and non-profits differ from one another, and why does it matter? What are pros and cons of nonprofit commercialization? What is social entrepreneurship or social enterprise and when should nonprofits practice it?
- How do nonprofits raise they money need to carry out their missions and sustain their organization? What are pros and cons of different fundraising methods and sources? What is venture philanthropy?
- How can we build the capacity of nonprofits, and improve nonprofit management and governance?
- How can we improve nonprofit accountability and effectiveness?

What is the goal of this course? Who should take it? What are the expectations? - Our main goal is to understand nonprofit activity (including philanthropy) in relation to government (the state) and for-profit businesses (markets). Our focus is primarily on the United States. The premise of the course is that if nonprofits were better understood and if we could have well-informed answers to the above questions, nonprofits would function better and achieve their public benefits (required by tax exempt status) more effectively.

The course is useful for students who are considering future careers (or who already have careers) in nonprofit organizations, or in government or business where they will deal with nonprofits. The course is also aimed at students who simply want to become more fully informed clients or consumers of nonprofit activities or services, volunteers or donors, or members of

nonprofit voluntary groups or associations. Students interested in exploring broad intellectual and social issues and questions about civil society, democracy, societal response to public need, and social change will also find this a valuable course.

Since this course is a graduate and advanced undergraduate level seminar, students are urged to set their *own* learning goals (in addition to those the instructor has set for the course), and to *take responsibility* for meeting those goals. This means raising questions in class, and perhaps coming to talk with the instructor outside of class to get what *you* want from this course. It is expected that you will come to class having *read and reflected* on the day's readings, and *ready to engage* in thoughtful discussion and application of key ideas. Short weekly written assignments will assist you in meeting this expectation.

What are the requirements? What choices do I have about how to meet them? – Readings are from published articles and books based on nonprofit research and practitioner knowledge. Students are expected to approach the material at a conceptual level – looking at the larger social, economic, and political context and meaning -- along with practical application.

Class meetings will consist mostly of discussion of ideas from reading, and application of these ideas to practical situations. The instructor may offer a brief summary of main points.

At the end of each class, you will hand in a sentence or two stating your most important learning for that day, how well class went for you, plus any remaining questions you have. This will allow the instructor to keep in touch with the quality and depth of your learning experience and make any necessary adjustments to the class.

Written assignments that are the basis of your grade are as follows:

1.) Students will write short weekly comment papers (2 to 3 double-spaced pages). The average of your grades on all of these weekly papers will comprise **half of your final grade**. Since you will be writing your paper in *preparation* for class discussion of the day's assigned readings, late papers will not be accepted (unless they are for a class for which you are absent). If you must miss a class, please e-mail your comment to the professor by noon of the day of the missed class. Missing more than 2 classes will negatively affect your grade.

Your task in the comment papers is to use your understanding of the key points in the day's readings to answer questions provided in the syllabus. Use clear and complete sentences, and be specific. Some questions also ask you to apply ideas and concepts in the reading to practical experience, or use your experience to elaborate on something in the reading. Guideline questions go *beyond asking you to simply summarize* the reading. They are intended to *challenge* you and move your thinking forward. To make sure you answer all parts of all questions (and assist the instructor in grading) please *label (a, b, c, etc.) each part of your answer*.

Comment papers may also raise questions about points you do not understand. Try to get your questions answered in class or speak to the instructor after class or make an appointment. You may, of course, also raise issues in class that you did not discuss in your comment paper.

2.) The requirement for the **other half your grade** can be met in two alternative ways. For both options, you will:

- write a substantial final paper (guidelines to be provided.).
- arrange a face to face meeting with your instructor no later than April 2 to discuss your

ideas and obtain verbal approval for your topic,

- hand in at beginning of class on April 7 a few sentences stating your approved topic, plus full citation and a sentence or 2 summary of at least three published sources that you have read for quality and appropriateness and will actually use in your paper,

- make an oral presentation to the class based on a draft of your paper.

a). Option one: A case study of a local nonprofit organization (15- 18 pages) organized around a main question/issue related to our study of nonprofits that is relevant to the organization you are studying. The organization must be off-campus and not Tufts affiliated. This is non-negotiable. Your final paper must make good use of appropriate readings from this class, plus 2 or 3 sources of the kind defined below for library research papers.

You will spend a minimum of three hours a week on-site at this organization, beginning in the fourth week of class. * If you plan to do a case study, please discuss this with your instructor sometime in the first two weeks of class.* You will keep a journal handed in to your instructor on the first Tuesday of each month detailing your activities on site and what you are learning and thinking about in relation to course materials. While your instructor will consult with you around choosing and getting in to your organization, arrangements will be largely at your own initiative. You will need to provide your instructor with the name and contact information of your on-site supervisor.

Your time spent on-site has a dual purpose: 1) provide a service to the organization defined by you and your on-site supervisor; (2) gather information about the organization based on your observations, conversations, review of materials, attendance at meetings, etc. You may choose an organization for which you are already working (for pay or volunteer), or a new organization with which you have had no previous connection. If you already work/volunteer for the organization, you will need to add too your time there and gain their permission to do a case study.

b.) Option two: A library research paper (18 – 20 pages) where you explore a question or “problem” related to the issues we are considering in this class that you would like to study more in-depth, using 8 to 10 published sources from professional and/or academic research-based articles that you have located through library databases. Further guidelines will be provided. Organize your paper around an explicitly-stated question. Consider different points of view in relation to the question, and come to some conclusion (“argument” or “thesis”) supported with evidence from your sources. You may also include interviews with two resource-people knowledgeable about the topic.

COURSE OUTLINE:

I. **Introduction to the course and each other** (Tues. Jan. 20) - After reviewing the syllabus and briefly telling about the nonprofit for which you worked, the class will break up into small groups to discuss: (a) what you currently know or believe to be true about nonprofits, and (b) questions you have about nonprofits. *Please hand in written notes on this discussion so the instructor can summarize them to begin next week’s discussion, along with your first comment papers.* [Note: We may cut this short to watch Obama’s inauguration!]

II. What is a nonprofit, and what are some different theories about why nonprofits exist?

***Read for Jan. 27:**

-Basic facts about nonprofits from the Center on Nonprofits and Philanthropy at the Urban Institute, and the National Center on Charitable Statistics. *Visit the websites of these organizations on your own and bring information to class for discussion.

-Lester M. Salamon, "What Is the Nonprofit Sector, and Why Do We Have It?" from J.S. Ott (ed.). *The Nature of the Nonprofit Sector*, Boulder, CO: Westview Press, 2001, p.162-166.

-Peter Frumkin, "The Idea of a Nonprofit and Voluntary Sector," *On Being Nonprofit*, Cambridge: Harvard U. Press, 2002, p. 1-28.

Guideline questions for comment papers (Label a, b, c): (a) Today's reading material presents a number of *facts* about nonprofits. Choose one that you found particularly interesting and/or surprising, and explain how it counters and/or adds to your beliefs and/or experiences with nonprofits. (b) Your reading by Salamon lays out specific *defining* characteristics of nonprofits. Which one of these did you find particularly interesting and why? Give a specific example of how knowing these defining characteristics might be useful to you if you worked in a nonprofit. (c) Which one of the different "*theories*" discussed by Salamon and Frumkin about *why* nonprofits exist seems to you most convincing and useful, and why? Give a specific example of how some aspect of this theory might be useful to you if you worked in a nonprofit.

III. What are some current pressing challenges for nonprofits? Why are they happening?

What can be done? (Note: We will devote a whole section to several of these topics later.)

***Read for Feb. 3:**

-Pablo Eisenberg, "The Key Issues Facing Nonprofit Groups in the Twenty-first Century," *Challenges for Nonprofits and Philanthropy*. Tufts University Press, 2005, p. 1-22.

-Lester M. Salamon, "The Current Crisis" from J.S. Ott (ed.) *The Nature of the Nonprofit Sector*, Boulder, CO: Westview Press, 2001, p. 420-432.

Guideline questions for comment papers (remember to label a, b, c): (a) Of the many challenges discussed in today's reading, which one or two seems to you most important for nonprofits to address now and why? (b) The reasons for the existence of nonprofits that we discussed last week (e.g. contract failure theory, government failure theory) can be used in a variety of ways to help to explain *why* these challenges are occurring and what might be done to address them. Give an example or two of how this might be so. Note: How well you are able to answer this question should allow you to see how well you understand the theories so far and to raise questions to increase your understanding. (c) In your own work in nonprofits, how specifically have you seen one or more of these challenges exhibit themselves? Did the organization address it? How?

IV. What kinds of relationships exist between nonprofits and government? How and why have nonprofits been used to both strengthen and weaken welfare states?

***Read for Feb. 10:** (Students doing case studies should have finalized their site and begin on-site visits next week.)

-Lester M. Salamon. "Of Market Failure, Voluntary Failure, and Third Party Government," *Partners in Public Service*. 1995. Baltimore: Johns Hopkins Press, p. 33-49.

-Dennis R. Young,. "Alternative Models of Government-Nonprofit Sector Relations," *Nonprofit and Voluntary Sector Quarterly*, 2000, vol. 29, no. 1 (March), p. 149-172.

Guideline questions for comment papers: (a) What do you see as Salamon's main contribution to nonprofit theory, and why is it important to understanding and to practice? (b) How does Salamon's idea of nonprofits as a 3rd party government contrast with how you most often hear the relationship between nonprofits and government being discussed today? What seem to you the implications of this contrast? (c) State what you see as one or two key points of difference between Young's notion of the relationship between nonprofits and government compared to Salamon's? Overall, what seems to you most valuable about Young's additions? Give an example of practical use in nonprofits.

V. Why and how are nonprofits important to democracy, policy advocacy, and lobbying?

***Read for Feb. 17:**

- E. J. Reid, "Nonprofit Advocacy and Political Participation." In E.T. Boris and C.E. Steurle (eds.) *Nonprofits and Government*. D.C.: The Urban Institute Press, 1999, p. 291-325.

-*Charity Lobby in the Public Interest: Basic Information about the 1976 Law Governing Lobbying by Charities*, Independent Sector, Wash, D.C., March 1999 (19 pages)

-Robert Wuthnow, "The United States: Bridging the Privileged and the Marginalized?" In R. Putnam (ed.), *Democracies in Flux*. N.Y.: Oxford U. Press, 2002, 59-102.

Guideline questions for comment papers: (a) What are one or two key ideas in this section that add to the previous main theories of why nonprofits exist and their main contribution to society? Why is this addition important to both understanding and practice? (b) What is the main distinction between advocacy and lobbying and why is it important for nonprofits to make this distinction? Why in your view do so few nonprofits advocate and/or lobby? (c) What is Wuthnow's main finding about who is and is not civically engaged, and why does this finding matter to efforts to increase what is sometimes also called "active citizenship"?

VI. Why and how are nonprofits important to community building and community organizing?

***Read for Feb. 24:**

-K. Smock, *Democracy in Action: Community Organizing and Urban Change*. N.Y.: Columbia U. Press, 2004, p. 10-32.

-Marion Orr, "BUILD: Governing Nonprofits and Relational Power," *Policy Studies Review* 2001 (Winter), vol. 18, issue 4, p. 71 (20).

Guideline questions for comment papers: (a) What are the main characteristics of community organizing that distinguish it from policy advocacy and other nonprofit activities? (b) In what ways are BUILD's methods consistent with the Alinsky model as Smock describes it, and how does BUILD amend or revise these methods? What seem to you the advantages and disadvantages of BUILD's revised Alinsky model? (c) Give one or two examples of how you see community organizing being practiced today. How are these similar and different from the models Smock describes? (d) What do you see as the strengths and weaknesses of community organizing as a way to bring about social change?

VII. How do nonprofits and for-profits differ, why does this matter, and what are the benefits and dangers of nonprofit commercialization?

*Read for March 3:

-A.M. Eikenberry and J.D. Kluver, "The Marketization of the Nonprofit Sector: Civil Society at Risk?" *Public Administration Review*, 2004, 64, 2 (March), p. 132-140.

- Burton A. Weisbrod, "The Future of the Nonprofit Sector: Its Entwinning with Private Enterprise and Government." In J.S. Ott (ed.). *The Nature of the Nonprofit Sector*, Boulder, CO: Westview Press, 2001, p. 399-409

-Jonker, Kim, "Action: Case Study – In the Black with BRAC," *Stanford Social Innovation Review*. Winter 2009: 74 – 79.

Guideline questions for comment papers: (a) What are the main characteristics of nonprofit commercialization? What are its most important underlying causes, benefits, and dangers? (b) Having reviewed the various arguments made by these three authors, what now is your own view of nonprofit commercialization? (c) Were you to be an Executive Director of a nonprofit, what would be the issues and questions you would weigh to decide whether to move more in the direction of "social enterprise"?

VIII. How do nonprofits raise money and use volunteer time? What are advantages and disadvantages of different sources and methods?

*Read for March 10 (overview and individual giving and volunteering):

-“Giving to Charities in 2007”

<http://philanthropy.com/premium/articles/v20/i18/18002801.htm>

-Jon Pratt, "Analyzing the Dynamics of Funding: Reliability and Autonomy," *The Nonprofit Quarterly*, 2004 (Summer), p. 8-13.

-K. S. Kelly, *Effective Fund-Raising Management*. Malwah, N.J.: Lawrence Erlbaum Assoc., 1998 (2 pages).

-B. Smith et al. *Philanthropy in Communities of Color*, Indiana U. Press, 1999 (1 page).

-“Volunteering in the U.S.,” *Chronicle of Philanthropy*, June 29, 2006 (1 page).

-Bureau of Labor Statistics, United States Dept. of Labor, "Volunteering in the U.S., 2007", <http://www.bls.gov/news.release/volun.nr0.htm>

- J. Wilson, "Volunteering," *Annual Review of Sociology*, 2000, p. 215-240 (downloaded

from arjournal.annualreviews.org). OPTIONAL.

Guideline questions for comment papers: (a) What surprised or particularly interested you about how Pratt rates different sources of funds on reliability and autonomy? Why is his rating important to the work of nonprofits? Give an example or two of how can it be used? (b) What is Kelly's rationale for seeing the "two-way symmetrical model" as the most effective way to appeal to donors? Why do you think this model is not used more often? (c) Why do the differences in how volunteering is defined and measured matter? (U.S. government: "unpaid work through and for an organization"; vs. "any activity in which time is given freely to benefit another person, group, or organization" Wilson 2000:15).

*Spring Recess March 14 – 23.

*Read for March 24 (charitable foundations and corporate philanthropy):

-E. T. Boris. "Foundations". J.S. Ott (ed.) *Understanding Nonprofit Organizations*. Boulder, CO: Westview Press, p. 202-210.

-F. Ostrower, 2004, *Foundation Effectiveness: Definitions and Challenges*. Washington, D.C.: The Urban Institute (10 pages downloaded).

-K.N. Stauber, 2001. "Mission-Driven Philanthropy: What Do We Want to Accomplish and How Do We Do It?" *Nonprofit and Voluntary Sector Quarterly*, v. 30, n. 2 (June): 393-399.

-D. R. Faber and D. McCarthy, *Foundations for Social Change: Critical Perspectives on Philanthropy and Popular Movements*, N.Y.: Rowman and Littlefield, Introduction, 2005, p. 3-32 (includes 8 pg. bibliography). OPTIONAL.

Guideline questions for comment papers: (a) Foundations provide a small portion of nonprofit funding. What does your reading suggest to you about why there is so much emphasis on nonprofits raising money from foundations? (b) What does Ostrower's research suggest to you about the *legitimacy* of privileges inherent in private foundations (i.e. need not raise funds, accountable neither to markets nor the state)? (c) According to Stauber, what change occurred in the role of foundations in the U.S. beginning around 1980, what caused it, and what should in your view be the new role for foundations today? (If you chose to read Faber and McCarthy, you might include their thinking.)

*Make appointments during the weeks of March 23 and March 30 to talk face to face with you instructor about your topic for your final papers, both options. On Tues. April 7, you will hand in a one sentence statement of your approved topic and a full citation of at least 2 good sources you have located and will use. (See guidelines for type of sources to use. Improper sourcing is the most frequent mistake in this assignment.)

In class on April 7, each student will announce her/his topic in class with some opportunity for discussion and assistance. On April 14 and 21, students will discuss drafts of papers in class (SEE BELOW).

IX. How can we build nonprofit capacity, and improve nonprofit management and

governance to make nonprofits work better?

***Read for March 31:** –

-Center on Nonprofits and Philanthropy, “Getting What We Pay For: Low Overhead Limits Nonprofit Effectiveness,” Washington, D.C.: Urban Institute, August 2004, p. 1-4.

-C.W. Letts, W. P. Ryan, A.Grossman, “Cross-Sectoral Lesson on Organizational Capacity”, *High Performance in Nonprofit Organizations*. New York: John Wiley and Sons 1999, p. 29-36.

-Information from Boardsource (formerly the National Ctr. for Nonprofit Boards).

- R.P. Chait, W.P. Ryan, B.E. Taylor. 2005. *Governance as Leadership*. Wiley publishing. (short selections from on-line).

-Nancy Axelrod, “Board Leadership and Development“; and R. D. Herman and D. Heimovics, “Executive Leadership,” in R. D. Herman (ed.), *The Jossey-Bass Handbook of Nonprofit Leadership and Management*, San Francisco: Jossey-Bass Publishers, 1994, p.119-153.

-W.A. Brown. 2002. “Inclusive Governance Practices in Nonprofit Organizations and Implications for Practice.” *Nonprofit Management and Leadership*, 12, 4 (Summer): 369-385.

Guideline questions for comment papers: (a) Why are nonprofits under such pressure to lower “overhead” or administrative costs, and what does the reading and your own experience suggest about arguments that nonprofits can make to counter this trend? (b) How did the reading raise your consciousness and/or change your thinking about the value and importance of nonprofit boards and the role of the nonprofit Executive Director in leading the board? (c) Why is it important for nonprofit boards to be not simply diverse but inclusive in racial-ethnic and gender terms? What “theory” of nonprofits seems to provide the strongest rationale for this and why?

X. How can we improve nonprofit accountability and effectiveness?

***Read for April 7:**

-Pablo Eisenberg,. “Looking Ahead: What Is the Future for the Nonprofit World?” *Challenges for Nonprofits and Philanthropy*. 2005, Tufts University Press, p. 228-239.

-John Sawhill and David Williamson. “Measuring What Matters in Nonprofits.” *The McKinsey Quarterly*, 2001 (Spring) (7 pages)

-Robert L. Fischer, “The Sea Change in Nonprofit Human Services: A Critical Assessment of Outcomes Measurement,” *Families in Society: The Journal of Contemporary Human Services*, 2001 (Nov. – Dec.). v. 82, i. 6, p. 561 (8pgs.).

Guideline questions for comment papers: (a) Why does Eisenberg think that public accountability for nonprofits is such an important challenge? Which “theory” about the role of nonprofits in society that we talked about early in the class does this belief seem to come from? (b) What are the underlying *causes* of today’s pressure on nonprofits to show that they are effective? How do current theories of nonprofits and the growth of nonprofit commercialization both help to explain this growing pressure? (c) What do you think are the best ways that nonprofits can deal with this pressure in practical terms and why?

****Tues. April 14 and Tues. April 21 – Each student will present an oral discussion of a draft outline of final papers that includes:** (a) the central question your paper will address (a “why” or “how” question, not a “should” question); (b) a brief summary of information you have found so far in answer to that question (paying particular attention to disagreements among authors, and competing evidence and arguments), and (c) a tentative argument or thesis. You need not hand in a written presentation, though you may if you would like feedback on it from your instructor before you hand in your final version. You are not being graded on this “draft” or on your presentation to the class.

****Final papers for both options are due no later than Mon. May 4, by noon, hard copy only (no e-mail, no fax) in Prof. O’s mailbox in Eaton 119. Late papers will lose points unless accompanied by a written health excuse**