

NONPROFITS, STATES, AND MARKETS

Fall 2007

UEP 273/Sociology 184

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Thursdays 1:30 – 4:00

Eaton 102

****Prerequisites:** Some experience working as a volunteer or paid staff in at least one nonprofit organization outside of Tufts. Advanced undergraduate or graduate student. Some familiarity with social science perspectives, preferably previous course[s] in Sociology.

What is this course about? What will I learn? – The importance of nongovernmental nonprofits continues to rise. Nonprofits (or NGO's) are now seen around the world as a cornerstone of civil society, i.e. that part of society that is neither state nor market though is deeply intertwined with both. Nonprofits today are essential to meeting public need and building democracy. This course is organized around the following pivotal issues and questions:

- What is a nonprofit, and what are the different theories about why nonprofits exist?
- What are some current pressing challenges for nonprofits, why are they happening, and what can be done?
- What kinds of relationships do and should exist between nonprofits and government?
How and why have nonprofits been used to provide for the public welfare?
- Why and how are nonprofits so important to democracy, civil society, public policy, advocacy, community building, and community organizing?
- How are for-profits and non-profits different from one another, why does it matter, and how might they work together? What are some positives and negatives of nonprofit commercialization?
- How do nonprofits raise the money necessary for their survival, and what are the advantages and disadvantages of different methods and sources?
- How can we build nonprofit capacity, and improve management and governance so that nonprofits work better?
- 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 U.S. society in relation to government (the state) and for-profit businesses (markets). The premise of the course is that if nonprofits were better understood, they would function better and achieve their public purposes 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 might

want 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.

What are the requirements? What choices do I have about how to meet them? – Readings are based on both nonprofit research and on practitioner knowledge. Issues are considered in relation to their larger social, economic, and political context. *Students are expected to approach the material at this conceptual level as well as being interested in skills and practical application.*

Class meetings will consist mostly of discussion of ideas from reading, and application of these ideas to practical situations. Guest speakers may be added.

Requirements are as follows:

1.) Students will write short comment papers (about 2 pages double-spaced) to bring to each class, answering guideline questions set by the instructor for **half of your final grade**. Comments will be used as a basis for class discussion. Your professor is not looking for “right or wrong” answers or for summaries of the readings. You should rather use your understanding of readings to form your own point of view, and think about practical applications. You should also raise questions about points you do not understand. (If you must miss a class, please-mail your comment to the professor by noon of the day of the missed class. Late comments will be accepted with a written health or similarly compelling excuse.)

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 15 to 20 pages in length (guidelines to be provided.),
- arrange a face to face meeting with your instructor no later than Nov.13 to discuss your ideas and obtain verbal approval for your topic,
- hand in at beginning of class on Nov. 29 a few sentences stating your 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 (about 15-20 pages) organized around a main question/issue that we are considering in this course and which is especially relevant to the organization you are studying. Your case study must make good use of appropriate readings from this class and some additional reading as needed.

You will spend a minimum of three hours a week on-site at this organization, beginning in the fourth week of class. You will keep a journal handed in monthly 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.

Your time spent on-site has a dual purpose: 1) to provide service to the organization that you will document in your paper, and that people at the organization define for you would be useful to them; (2) to gather information about the organization to answer questions related to what we are reading and discussing in class, and that you will use in your final paper. Your information will come from observations, conversations, review of written 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. *The organization must be off-campus and not Tufts affiliated. This is non-negotiable.*

b.) Option two: A paper based on published sources (to be further delineated) where you explore a question or “problem” related to the issues we are considering that you would like to study more in-depth. Examples from past years will be provided. The paper should be organized around an explicitly-stated question, consider different points of view in relation to the question, and come to some conclusion (“argument” or “thesis”) of your own supported with evidence from scholarly research-based material and practice-based literature, plus interviews with two resource-people knowledgeable about the topic.

**Since students choosing the case study option will need to have chosen their organization and begin service and research there in the fourth week of class, the choice between options 1 and 2 will need to be made very early in this course. We will spend time in class discussing this, and you should take the initiative to schedule appointments with the instructor in advance.

COURSE OUTLINE:

I. **Introduction to the course and each other** (Sept. 6) - After reviewing the syllabus and briefly telling about the nonprofit for which you worked, the class will break up into small groups to develop written lists (to be handed in) of: (a) what you currently know or believe to be true about nonprofits, and (b) questions you have about nonprofits in relation to these beliefs or other issues.

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

*Read for Sept. 13:

-Basic facts about nonprofits: Center on Nonprofits and Philanthropy at the Urban Institute, National Center on Charitable Statistics, *Nonprofit Times*, and *Chronicle of Philanthropy*, “The Charity World: A Statistical Portrait” (March 23, 2006). (See reading packet).

-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) Of the *facts* discussed in today's readings, which ones were surprising to you and why? How did they counter your previous beliefs and/or experiences with nonprofits? (b) What seem to you the most important *defining characteristics* of nonprofits among those described in reading and why? How might you *use* this knowledge? (c) Which of the different "theories" about *why* nonprofits exist seems to you most convincing and useful, and why? Give an example or two about how these theories might be useful in the work of nonprofits.

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 Sept. 20:

-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 (as before...): (a) Which one or two of the issues discussed seem to you the most challenging and why?; (b) What connections do you see between the challenges these authors discuss, the underlying *causes* of those challenges, and the nonprofit theories discussed last week (e.g. how do the different theories further explain, support, or call into question some of the suggested causes)?; (c) What "solutions" do the different theories seem to you to suggest to address some of these challenges? Specify which theory relates to which solution[s]. This should allow you to see how well you understand the theories and to raise questions to increase your understanding.

*No class September 27.

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 Oct. 4: (Students doing case studies should begin service on site this 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 makes Salamon's addition of "3rd party government" to earlier theories of nonprofits important, e.g. how does it change our concept of and strengthen nonprofits? (b) How does this idea 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) What in your view are one or two key points of difference between Young's conceptualization of the relationship between nonprofits and government compared to Salamon's? What seems to you most valuable about Young's additions overall, and

why and how might these additions be useful in practice?

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

***Read for Oct.11:**

- 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. (*Note: Prof. Wuthnow will be speaking on the Tufts campus on Mon. Oct. 15 from 4:30 to 6:00. Please arrange to attend.)

Guideline questions for comment papers: (a) What does this section overall 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 does it matter? Why in your view do so few nonprofits advocate and/or lobbying? (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. ...and to community building and community organizing?

***Read for Oct.18:**

- 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 advocacy and other nonprofit activities, and why is this important? (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 seems to you the advantages and disadvantages of BUILD's use of a revised Alinsky model? (c) If you have any experience with community organizing, how is it similar and different from the different models Smock describes? Whether you have experience or not, what do you think of organizing, why?

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

***Read for Oct. 25:**

- 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

-J. Gregory Dees, “Enterprising Nonprofits,” *Harvard Business Review*, 1998, (Jan-Feb), v. 76, n.1, p. 55 (22pgs.).

Guideline questions for comment papers: (a) What is nonprofit commercialization, and what are its underlying causes, benefits, and dangers? (b) Having reviewed the various arguments made by these three authors, what now is your own overall point of view about the benefits, dangers, and approach to dealing with 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 philanthropic dollars (and volunteer time), and what are advantages and disadvantages of different sources and methods?

***Read for Nov. 1 (overview and individual giving and volunteering):**

-“Giving to Charities in 2005,” *Chronicle of Philanthropy*, June 29, 2005 (1 page).

-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., 2005”, p. 1-5 (<http://www.bls.gov>).

- J. Wilson, “Volunteering,” *Annual Review of Sociology*, 2000, p. 215-240 (downloaded from [arjournal.annualreviews.org](http://journal.annualreviews.org)). OPTIONAL.

Guideline questions for comment papers: (a) What surprised you about how Pratt rates different sources of funds on reliability and autonomy? Why is his rating important to the work of nonprofits, e.g. 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).

***Read for Nov. 8 (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. Why, then, is there so much emphasis on 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.)

*Nov. 13 – Last date for face to face meeting with instructor to discuss ideas and develop approved paper topic.

*No class Nov. 15, use this time to research your final paper topic (including students doing case studies) and begin researching appropriate literature

*Nov. 22, Thanksgiving.

IX. How can we build nonprofit capacity, and improve nonprofit management and governance to make nonprofits work better?

*Read for Nov. 29: – Hand in today at the beginning of class today a one or two sentence statement of your approved paper topic, plus *full citation and brief summary of three useful and appropriate sources* (see guidelines). This is to insure that you have chosen a topic for which you will be able to find sources! You will share your topic briefly in class today.

-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 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 Dec. 6:

-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?

****Oral Presentation of Draft outline of Final Projects/Papers during a single two-and-a-half hour period during exam week to be arranged to present** (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 DUE NO LATER THAN 4:00 p.m. Monday, Dec. 17 in hard copy in Professor’s mailbox in Eaton 119. (E-mail or fax papers not accepted.)**