

A Proposal to Strengthen Scholarship and Scholars  
Working on Nonprofit Institutions, Policies and Leadership

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(DRAFT: November, 1997)

I. The Contemporary Social Significance of the Nonprofit Sector

Aristotle claimed that "Man is by nature a social animal<sup>1</sup>... The individual, when isolated, is not self-sufficing<sup>2</sup>... A social instinct is implanted in all men by nature."<sup>3</sup> The important consequence of this observation was that "men, even when they do not require one another's help, desire to live together," and to "meet together and maintain the political community."<sup>4</sup> The aim of the political community, in turn, was to ensure justice, for "justice is the bond of men in states."<sup>5</sup>

This claim about human nature and the nature of politics, so fundamental to the idea of a liberal state, is now widely attacked – both as a scientific claim about "human nature," and as a moral claim about what individual and social life should be. Yet, this idea – that individuals want to live together, that they have ideas about what they owe to one another, and what larger purposes they would like to achieve together -- will not go away.

It does not go away because Aristotle was right. Human beings are public spirited as well as selfishly motivated. They seek virtue in themselves and in their societies as well as material goods.<sup>6</sup>

To be sure, humans' "public spirit" may not be as strong or as consistent as Aristotle claimed. Moreover, whatever its strength may have been among the citizens of Athens, that strength might well have been eroded by the growth of commercialism and the emergence of political ideologies (on both the left and right) that celebrated the primacy of individuals over communities and states. So, there are reasons to be concerned that "public-spiritedness" may now be in decline.

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<sup>1</sup> Richard McKeon, ed. Introduction to Aristotle (New York: Random House, 1947) pp.556.

<sup>2</sup> Ibid. p. 557

<sup>3</sup> Ibid.

<sup>4</sup> Ibid. p.589

<sup>5</sup> Ibid. p.557

<sup>6</sup> For a contemporary defense of Aristotle's position, see James Q. Wilson, Political Organizations (New York: Basic Books, 1973)

To the extent this is true, it is cause for concern, for society needs this precious natural resource. Public-spiritedness is the fuel that guarantees civility in day to day interactions, that sustains charity and its good work, and that supports the kind of civic and political engagement that makes self-government possible. Society needs public-spiritedness to overcome the despair that individuals feel when they are alone, and to meet the broader needs of society to understand and secure justice for all its members.

The social energy generated by the impulse to serve and to secure justice is channeled through many different enterprises in society. At the most informal, individual level, it is expressed through cultural commitments that make courtesy, charity, helpfulness, and tolerance virtues in everyday social life. This energy may also be encouraged, accommodated, or expressed through businesses that understand the social value of producing safe, high quality consumer goods, providing decent employment opportunities, and earning returns on investment, and that sometimes go beyond these core objectives to embrace larger social purposes such as the economic development of disadvantaged communities, or the promotion of environmental protection objectives. The energy associated with public-spiritedness may also be cultivated and channeled through political processes that allow citizens to petition their government, and see their (initially individual, but eventually collectively embraced) visions of a just and good society enacted in public policy and governmental action.

Perhaps the most important channel for the development and expression of public spiritedness, however, are the enterprises and institutions that comprise what has been variously called the "voluntary," the "nonprofit," or "third sector" of society. At different times in American and world history, the enterprises and institutions now considered part of a "third sector" have emerged as significant actors in the lives of individuals and the wider society.

For the most part, the sector has been viewed as a positive force. To individuals, these enterprises have supplied both the mutual benefits of association, and an opportunity to express and advance social causes of one kind or another. To the collective, the enterprises and institutions have

contributing to the welfare of the society at large. Policy analyses have been done to determine the impact of public policies on the size and behavior of the sector, and to predict the likely consequences of altering government policies toward the sector. Those surges have provided the intellectual capital we now rely on to understand and develop the potential of the sector.

We are now in one of those periods where the "third sector" has once again become prominent. In the United States, both the right and the left of the political spectrum look to the sector as an important source of energy, resources, and leadership in defining and solving society's most urgent problems. Moreover, this is true not only for America, but also throughout the world. International Non-Governmental Organizations (NGO's) are increasingly important in focusing international attention on issues such as the environment, health, and human rights, and in so doing, are helping to forge relationships that constitute an emerging trans-national community knitted together by common concerns about global issues. These international NGO's are often linked to "indigenous" NGO's in particular countries. These local NGO's, in turn, are as important in promoting economic and social development in underdeveloped countries as they are in the poor neighborhoods of the United States. The local NGO's are also as important in teaching the habits and skills of democratic politics in nations making the transitions from dictatorships (of either the left or right) to liberal democracies as nonprofits are in re-engaging American citizens in local, state, and national political efforts.

In a speech delivered at the opening of the Hauser Center at Harvard University, Peter Goldmark, President of the Rockefeller Foundation, presented a panoramic view of the vast potential of the nonprofit sector:

"When I was being hired by the Rockefeller Foundation, I had a long interview with the Board. We fell into a conversation about the role of nonprofits in the United States....One of the most respected members of the Board, with more firsthand international experience than anyone else present, launched into a long and impressive argument whose burden was this: nonprofits overseas never could and never would amount to much.

That was 1988.

How far we have come!

How much we have been taught by lean, resilient, risk-taking entrepreneurs, not only in this country but all over the world, who are building and leading what I believe will turn out to be some of the most important organizations of our time!

Over the past few decades, the salience of the nonprofit sector has grown dramatically:

As an economic sector,

As a source of ideas,

As a locus of research and experimentation,

As a seedbed of entrepreneurial activity,

As an engine of social change,

As a career path for a new generation of talented youth.

As we approach a new century, our reliance upon the entrepreneurial spirit of the nonprofit sector is growing. In the past, at some critical junctions, we have relied upon the technological or organizational achievements of the commercial sector to help us develop vital new patterns of human behavior and interaction. At other moments, the forces of the state or religious institutions were decisive. In the future, I believe we will have to rely more on innovations pioneered in the nonprofit sector than at any time in our history to help us make the transition that we must all now undertake to a global pattern of interdependent sustainable development.

The signs of the impact of this sector are all around us. We have all learned the seminal impact of the nonprofit sector initiatives mounted by the environmental movement around the world. They have changed the terms of debate and discussion over the past 25 years. We see that the beachheads of progress gained on the resistant terrain of urban deterioration of our cities have almost all been based on the work of nonprofit community groups and movements in this country. There are today more than 2,000 community development corporations in America's cities, a success story that is surprisingly unknown. The Human Rights Movement has altered the terms of debate between the individual and the state in almost every country on this planet. And entrepreneurial organizations like the [Ashoka] Society, the [Gramine] Bank, the Bangladesh Rural Advancement Committee in Bangladesh, Accion in South America, the Forum of African Women Educationalists, all of these have been powerful forces for change that have sparked imitation and replication.

Come with me to the South Bronx. Remember the South Bronx, Fort Apache? Do you remember the pictures of piles of bricks and rubble on which two Presidents stood during their campaigns and said "We will rebuild this." I can take you down streets in the South Bronx, down avenues, where block after block of restored neighborhoods now thrive. Government did have a role, but it was not essentially what those Presidents promised that did it. It was essentially the work of NGO's, CDC's. Of the nonprofit sector weaving together the resources of all three sectors. The toughest, most bombed-out neighborhoods of our society, very different now. Those were the pictures of despair that we grew up with 20 years ago.

Come with me to Bangladesh. I was there last week. I was struck again by the work of an organization called BRAC. I just want you to imagine in the poorest large country in the world, what a feat of organizational achievement and logistics it is to create and run over 30,000 informal schools at parallel a failing governmental school system. This is an organization in the poorest country in the world that runs 30,000 informal schools, and provides a good educational experience, for classes in which they insist 70 percent of the enrollees be young girls, because they drop out of school more readily, and does it at \$20 per student per year. When they have Oscars for NGO's Rita, BRAC and those organizations are going to be among our nominees.

Now what do these efforts all have in common? They are all initiatives which arose in the independent, nonprofit sector. Often, they were scorned by the state. Frequently they were shunned by the private sector. But they have all wound up improving living conditions of individuals, affecting the actions of governments, changing the policies of the multilateral corporations, and most important of all, reshaping our own ideas about what is possible, what is advisable, what is necessary, and what is right.....

We need this sector, and we need it to be healthy. We need it to continue to be part of the American arsenal of ingenuity and innovation. It is, after all, these nonprofit organizations and their struggles that carry the better part of our hopes, our idealism, our passion to change things for the better, the determination to prepare for what is coming next. And it is these nonprofit organizations that attract many of the best of our young people. And for good reason! These organizations possess agility, they provide a sense of relevance to the human condition, and direct entrepreneurial engagement of the most fundamental problems of our time. This world, the universe of nonprofits, offers young people the opportunity for challenge and commitment and relevance, and places that offer that combination will and deserve to attract a significant fraction of the best talent of a generation.

There is much to be done by all of us in whatever sector in which we work, but I believe that much of the work that is most important when the history of the end of this century and the beginning of the next is written, will turn out to have been undertaken by the nonprofit sector...

So I close with this passage from Reinhold Niebuhr. 'Nothing worth doing is completed in a lifetime, therefore we must be saved by hope. Nothing true or beautiful or good makes complete sense in any immediate context in history, therefore we must be saved by faith. Nothing we do, however virtuous, can be accomplished alone, therefore we must be saved by love.'

## II. The Hauser Center: Harvard's University-Wide Commitment to the Nonprofit Sector

We agree with Goldmark. We think the nonprofit sector does have great potential to help the individuals who contribute, and the purposes they seek to serve. We believe that more of the leadership needed to define and solve national and international problems is coming from this sector. Enterprises and institutions within this sector are taking more initiative, and making more important contributions. Society is shifting attention, and responsibility towards this sector. The social energy that comes from public-spiritedness is on the march.

As academics, the contribution we can make to this enterprise is to produce the intellectual capital needed to ensure that the current march is in the right direction, and that this valuable social energy can be properly generated, conserved and focused. In our view, the time is ripe for a major, sustained investment in the intellectual capital that can help us understand how a society can: 1) structure a constructive culture of volunteerism; 2) improve the institutional arrangements that cultivate, sustain, and channel this volunteerism toward the construction of healthy communities and the achievement of important public purposes; and 3) remove the obstacles to the development of excellent leadership in the nonprofit sector.

In all likelihood, the current march will be a long one. As a result, it is prudent to plan for a sustained development of the intellectual capital. Moreover, the march will involve many different people stretched all over the world. As a result, the intellectual capital to be created must come not only in the form of ideas made accessible to all, but also in the development of people who can continue to think, to learn, to propose ways of understanding and improving the performance of the sector. Finally, to be accurate and useful, the intellectual capital must be built from strong data bases that can capture the variety and fluidity of the sector as a whole. In short, intellectual capital building includes: 1) developing ideas that matter through first rate scholarship; 2) developing excellent scholars interested and committed to the field who can continue to produce important new ideas and link them to practitioners in the field; and 3) developing better, more comprehensive and refined information about the sector as a whole.

The recent establishment of the Hauser Center for Nonprofit Institutions at Harvard University that has convened us and made it possible to write this proposal provides a major new opportunity to create this new intellectual capital. What makes the establishment of the Hauser Center so important to prospects for improvements in research in the field are the following features.

First, the Center is established at Harvard University – an institution renowned for excellence in research. Of particular importance is the independent strength of the institution which allows it to be independent of particular influences – including the need to pander to a professional constituency, or to raise funds. The independence is secured by an endowment generously given by Gustave and Rita Hauser.

Second, the Center is designed to be university-wide in scope, allowing it to bring to bear the knowledge and analytic capabilities of Harvard's many diverse faculties – including its law school, its business school, its schools of government, education and divinity, and its departments of economics, political science, sociology, psychology, and history.

Third, unique among first rate research institutions, Harvard also retains an important commitment to conducting research that is relevant to contemporary issues, and of value to current practitioners through its broad, sustained commitment to professional education. For these reasons, the Hauser Center offers a uniquely powerful venue through which to conduct a program designed to strengthen scholarship and scholars in nonprofit institutions both to meet current needs, and to lay a basis for continued excellence in scholarship in the future.

### III. The Proposal: A Ten Year Program to Build Scholarship and Scholars Focused on Improving Our Understanding of, Our Policies toward, and the Practices of Leaders in the Nonprofit Sector in the United States and Throughout the World

The important question, of course, is what, specifically, the Hauser Center could do to exploit the opportunity that exists. The answer, laid out in detail below, is to rely on a three tiered effort to: 1) define and resolve important intellectual issues facing the field through the use of a series of "Summer Institutes" that will focus the attention of first rate scholars from Harvard and elsewhere on specific issues that are substantively important in understanding and guiding the development of the sector; 2) develop scholars' interests and capabilities to address important research questions in the field by

engaging them in the "Summer Institutes," and by developing a Fellowship Program to support doctoral and post-doctoral students from various academic and applied disciplines who wish to do research on the nonprofit sector; and 3) by planning to develop both data bases and new methods of measurement that, if allowed to develop over time, could produce important data to be used in future empirical investigations of the sector.

#### A. Summer Institutes

Perhaps the most urgent need is to make progress in raising and answering important questions about the nonprofit sector. This is important in itself. It is also important as an activity or task that can be used to engage the minds of some of the nation's most distinguished scholars.

A device that has proved useful to the National Bureau of Economic Research in focusing scholarly attention on important but neglected area is an activity that they describe as a "summer institute." The basic method consists of the following steps:

- First, an intellectually powerful group, knowledgeable about both intellectual developments in disciplines and urgent social problems, identifies an important, broad (but tractable), and under-researched area that deserves development and investigation.
- Second, this group identifies one or two individuals who could take on a leadership role in developing the area.
- Third, the chosen leaders identify about 10 individuals who, if commissioned, could write papers making intellectual progress in the area.
- Fourth, these individuals, along with others, are invited to a meeting to discuss the general subject and each person's particular contribution to it.
- Fifth, the individuals chosen to work on the problem then go off to write their individual papers with the broader discussion still ringing in their ears.
- Sixth, the papers are completed and discussed in a second meeting of the original group, leavened with a few others, in which the area as a whole is once again considered.
- Seventh, the papers are revised, edited, and published together in a volume that helps to establish the particular area of inquiry as intellectually respectable, and points towards new questions that must be addressed by other scholars.

The strength of this method is that it recognizes the strength of both individuals and groups in making progress at important, but neglected intellectual frontiers. It recognizes that many of the most important intellectual breakthroughs are likely to come from the minds of individual scholars taking risks. On the other hand, it uses a group to help get the individual scholars started on the task, and to give them the support and courage they need to take the individual risks of working in new domains.

Moreover, the fact that each summer institute produces a published volume of papers helps give heart to others in the field to investigate the area.

Our proposal is to conduct one of these "Summer Institutes" each year for a decade. That will produce 10 books, each involving 10-15 important scholars. The books, if the subjects are chosen well, and if each enterprise is well led, could go a long way toward defining the intellectual field of nonprofit scholarship. The effort may also help to create a national community of scholars with commitments and capabilities in the field of nonprofit scholarship.

Key to the success of this effort is the ability to define the subjects to be investigated. Responsibility for doing this would rest with the Hauser Center's leadership, its University-Wide Advisory Committee, and Advisory Committees from other parts of Harvard including the Kennedy School of Government and the Harvard Business School. The specific individuals so involved are listed in Appendix 1.

It would almost certainly be a mistake to decide now what the subjects for the Summer Institutes would be. Our views about the most urgent, important, and tractable issues to be investigated are likely to change two years from now, let alone five or ten years from now. But it is worth laying out some possible topics for Summer Incubators to provide a more concrete idea about the kinds of issues that could be considered appropriate. Some sketches of the possibilities, along with some individuals who might be candidates for leading these efforts, are presented below in no particular order.

#### Public-Spiritedness: A Cross Disciplinary View

(Possible Leaders: Mark H. Moore, Jane Mansbridge, Gary Orren)

If public-spiritedness helps to define and animate the voluntary sector, it might be important to learn more about it. Distinguished scholars from different disciplines such as biology, psychology, organizational behavior, anthropology, political science, sociology, religion, etc. would be invited to discuss what their discipline had to say about human nature and human motivations, and what role altruism and the desire for justice plays in human life. They might also be invited to discuss the mechanisms – both processes and institutions – through which individual motivations of these social types are aggregated into social enterprises and institutions. Historians could be invited to talk about the forms that public spiritedness has taken over time. Comparativists and regional experts could explain how these motivations are channeled in different cultures around the world.

#### Fostering Civic and Political Engagement:

(Possible Leaders: Robert Putnam, Theda Skocpol, Gary Orren, Jane Mansbridge)

Much current attention is focused on how best to promote civic and political engagement, and the particular role that nonprofit enterprises and institutions have played in strengthening the links among individuals, their communities, and their governments. This subject could be approached through historical analyses of periods in American life when civic and political engagement was very high. It might give special attention to the role that faith-based organizations have played in promoting civic engagement in the past, and the potential they have for the future. It might also give special attention to the role that women have often played in doing civic work, and the implications of wider participation

of women in the workforce for the capacity of the society to promote civic and political engagement. A subject of intense current interest would be learning what was known about how community development corporations or other forms of organization could build "social capital" in the nation's most disadvantaged communities. It might also be important to address the question of whether current rules that prohibit nonprofit organizations from engaging in electoral politics make sense, particularly in a world in which elections often address specific policy issues through referenda, as well as elect candidates on broad political programs.

#### The Nonprofit Form of Organization: Strengths and Weaknesses

(Possible Leaders: Robert Clark, Richard Hackman, Richard Zeckhauser, Richard Chait)

A Summer Institute could also be organized to focus more narrowly on what we should expect from the nonprofit form of organization. Key questions would include the question of what are the most important legal or cultural features of nonprofit organizations, and in what way these organizations are presumed to differ from business enterprises on one hand and government organizations on the other. The non-distribution constraint could be examined to determine what impact it would likely have on the performance of an organization. Similar questions could be raised about the particular structures of governance that are commonly adopted for nonprofit organizations that make give boards great power in defining the purposes of the enterprise, and protect them from controls by either donors or potential clients of the organization. Empirical evidence could be presented about the comparative performance of nonprofit organizations in specific domains such as health, education, social services, and culture.

#### Leading and Managing Nonprofit Organizations for Results

(Possible Leaders: Richard Hackman, James Austin, Mark Moore, Christine Letts)

There are a host of issues concerning the effective management and leadership of nonprofit organizations including: 1) how nonprofit organizations define their mission; 2) how they measure their performance; 3) how they make effective use of volunteers; 4) how they manage their relationships with boards; etc., that could be addressed through a Summer Institute. Of particular interest, however, might be the special management and leadership challenges that arise in what might be thought of as hybrid organizations – for example, those nonprofit organizations that earn a substantial portion of their income by selling goods and services in competitive markets, or those that earn most of their revenues through contracting with government, or those that continue to rely on charitable contributions and volunteers, but find themselves increasingly pressed to become more "commercial" or "more accountable to the public." What is at stake here is how the cultures of organizations, and their operational styles change when "social cause" no longer provides the animating power to the organization; when "social cause" fails to bring in enough revenue to support the enterprise as it now exists; or when the organizations are expected to become more efficient or more accountable.

#### Developing Effective Partnerships Between Business and Nonprofit Organizations

(Possible Leaders: James Austin, Kash Rangan )

A Summer Incubator could also be organized to develop understandings about the relationship between nonprofit and business enterprises. One part of this subject is to try to understand how nonprofits can take advantage of business orientations and expertise in developing themselves. This



includes paying close attention to how nonprofit enterprises can become self-sustaining, and the role that the sale of products and services can play in their efforts to succeed. Another part of the subject, however, is how business firms and nonprofit organizations can enter into useful partnerships with one another. For example, it may be in a business organization's interests to use a partnership with a nonprofit organization as a way to attract the human resources and sustain an internal culture that helps the business organization become the kind of organization it wants to be. It may be that a partnership with a nonprofit organization helps the business organization come into contact with a market segment that it does not understand well, or to develop particular products and services that are valuable to an underserved population. Viewed from the perspective of the nonprofit organization, a partnership with business may be valuable in helping them improve their managerial capability, or as a new source of charitable contributions, or as a new source of revenue earned through joint ventures of various kinds that can then be used to support other efforts that could not be sustained by the market.

#### Government Support to Nonprofit Organizations (Possible Leaders: Mark H. Moore, Frederick Schauer)

The particular ways in which government supports the nonprofit sector could also prove to be a fruitful subject. This might begin with the important role that the first amendment of the U.S. Constitution plays in creating the social space within which the nonprofit sector can develop. After all, if it is true that individuals are "public-spirited," and if they live in a governmental regime that allows them to express themselves and associate with one another, then it is inevitable that a nonprofit sector of some size and character will emerge. It might also be important to point out that insofar as the state assumes the responsibility for policing the nonprofit sector to ensure that it meets its fiduciary responsibilities to donors, their purposes, and the clients who are the object of their charity, the state contributes to the strength of the nonprofit sector by vouching for and ensuring its integrity. This all comes well before we understand the impact of tax policies that allow citizens to escape inheritance taxes by establishing trusts, or that exempt charitable enterprises from federal income taxes and state and local property taxes. And this comes before we understand the contribution that government makes to nonprofit enterprises by choosing to spend tax dollars on individual entitlements or vouchers, or to establish service contracts in sectors where nonprofits are very active (such as health, education, and housing, and social services).

#### Encouraging and Leveraging Philanthropy (Possible Leaders: Barry Karl, Christine Letts, Peter Frumkin)

A particularly urgent subject might be to address the subject of what can be done to make philanthropy more attractive to potential donors, and more effective in achieving significant social change. It has been observed that more than a trillion dollars in accumulated wealth will change hands in the United States over the next two decades. An important question for the society is what portion of that will go to philanthropy, and what steps could society take to increase the proportion that will go to achieve social purposes over the long run. An equally important question is how philanthropic funds can be invested effectively to increase the social impact and leverage they can achieve. In the past, much philanthropy has been guided by the idea that philanthropists could "leverage" their investment by developing and testing program ideas to achieve particular social purposes. The hope was that if the program worked, the program would be widely imitated, and both its spread and continuation would be

financed by government. In a world in which government funds are sharply limited, the feasibility of this strategy seems much less. What will replace this concept of leverage? If philanthropists cannot expect any "leverage," but must, instead, continue to pay directly for whatever activities will occur in their area of interest, what will that do to the enthusiasm of donors?

**International NGO's as Important Foreign Policy Actors**  
(Possible Leaders: Joseph Nye, Henry Steiner, Charles Nesson, Martha Chen)

A decade ago, a book by Nye and Keogh focused attention on the important role that "trans-national" activities were playing in shaping the international environment. In their view, while much attention in international relations focused on relationships among sovereign states, there were many other actors involved in creating and using international relationships. This included business, and subordinate units of government knitted together by professional cultures and shared objectives. But what has become increasingly true is that this space is occupied by a wide variety of international NGO's linked to one another and to domestic nonprofit organizations in loose associations committed to advancing goals such as environmental protection, human rights, disease prevention, and the protection of children. An important question is what impact these organizations have on the international political economy. Have they made it more difficult for international business to operate? Are they interfering with the capacity of governments to negotiate treaties in their own interests? Or, are they improving conditions by focusing attention on important objectives that would otherwise be neglected, and strengthening the sense of international community?

**Building Civil Society in Liberalizing Countries**  
(Potential Leaders: ?)

Over the last thirty years, one of the most important developments in the world has been the collapse of totalitarian regimes of both the left (the Soviet Union) and the Right (South Africa, Spain). Typically, these countries have found the transition to democratic societies quite difficult. The tradition of local politics and civic engagement has been lost. Without these sources of democratic activity, citizens lack the values and experience to make their democracies work. Into this void, nonprofit organizations have arisen. Some of them hold the potential to create a civil society that was blotted out under the totalitarian regimes. But how to develop them faster, and make them effective in creating the foundations for democracy remains unclear.

**Strengthening Cities Through Tri-Sector Partnerships**  
(Possible Leaders: James Austin, Mark H. Moore)

Many cities, faced with the sobering prospect of continuing economic decline and social deterioration, have tried to respond to their plight through processes that engage business, government, and the nonprofit sector in planning efforts outside the boundaries of conventional politics and conventional government. The most obvious example is Cleveland. But there are other initiatives taking place in other cities around the country including Washington, D.C., Minneapolis, Minnesota, and others. In these efforts, nonprofit organizations often play a very important role – not only as independent actors and contributors, but even more importantly as crucially important connective tissue that links the three sectors together in "networks of productive capacity." What allows nonprofits to

play these special roles, and what factors are associated with success in these efforts is an important intellectual subject.

Again, these particular ideas are meant to be illustrative. They are not intended to be exhaustive of the possibilities. Nor are they projects that we are now committed to doing.

In considering the value of the Summer Institutes, however, it is important to keep in mind that only one of their benefits comes from picking a good subject and illuminating for present consideration and future scholarly work. The other important benefit comes from attracting to the field of nonprofit studies excellent disciplinary based scholars who have not previously focused much attention on nonprofit organizations. Through this effect, the size, quality and diversity of the scholarly community that is paying attention to nonprofit organizations can be increased.

More specifically, we recognize that the important intellectual work that has been produced so far in this domain has tended to come from excellent people drawn from three different communities: 1) excellent scholars in traditional disciplines; 2) excellent scholars who have committed some significant part of their work to understanding the nonprofit sector; and 3) some "reflective practitioners" who have mostly worked as practitioners in the public sector, but have the cast of mind that helps them see the larger issues and trends in their current experience. We think that relying on any one of these groups alone will not work to develop the kind of intellectual capital we want to build. The task, rather, is to bring these groups into an effective, rigorous, dialogue with one another about the important subjects in the field. That will raise the intellectual standards of rigor and care in the applied domains and practice community; and it will raise the standards for relevance and utility in the academic community. In this sense, the Summer Institutes can operate like a "breeder reactor," not only producing an immediately valuable intellectual product, but also helping to create the individuals and community that can be counted on in the future to produce more.

#### B. Doctoral and Postdoctoral Fellowships

The Summer Institutes represent the first and most important of our three tiered approach for strengthening research on and for the voluntary sector. They set the context within which the other activities take place. Their influence on the field can be further strengthened, however, by adding a second component: a Doctoral and Postdoctoral Fellowship Program.

In the long run, scholarship in a field is strengthened by attracting to it the most able Ph.D. students. It is their ability, imagination, and commitment to a field that is the best guarantee of the future standing and performance of the field. That is why the Doctoral and Postdoctoral Fellowship Program is so important to the future development of scholarship focused on the nonprofit sector.

Three conditions can be relied on to attract the most able Ph.D. students. First, a sense that something intellectually and substantively important is happening in an area -- that first rate senior academics are taking an interest and making progress in a new intellectual field. Second, the intrinsic interest and social significance of the subject being studied. And third, the availability of fellowships to allow students to complete their education at a time when many of them are strapped for cash and up to their ears in student loans.

The Summer Institutes are designed to accomplish the first objective – to create an intellectual “buzz,” and a protective environment of senior academic interest in the program. The intrinsic intellectual interest of the subject of individual motivation and social organization, and the increasing importance of the voluntary sector in the world’s affairs are likely to meet the second condition for a group of idealistic, young scholars who have lost their faith in politics and government as a way of achieving important social purposes. The Doctoral and Postdoctoral Fellowship would supply the necessary third component.

The Fellowship Program would be designed to pay both tuition and a living stipend for two years of graduate study at Harvard. It would be open to students in varied Ph.D. programs at Harvard, ranging from disciplines such as economics, sociology, political science, psychology, and history, through Ph.D. programs offered in conjunction with Harvard’s professional schools such as the Ph.D. Programs in Public Policy or Political Economy and Government at the Kennedy School, or the Ph.D. in Organizational Psychology offered by the Psychology Department and the Business School, to advanced degree programs offered Harvard’s professional schools, such as the LL.D. Program at the Law School, or the DBA Program at the Business School, or the D.ED. Program at the Education School, or the \_\_\_\_\_ Program at the Divinity School. Applications would also be accepted from students pursuing similar degrees at other universities.

The Fellowship Program would be more than a grant of money, however. It would be awarded to students who proposed significant individual research projects focusing on the voluntary sector, and the completion of those projects would be one of the requirements of the Program. Their project could be their Ph.D. dissertation if that focused on the nonprofit sector. Or, it could be an extension of the Doctoral research that carried them in the direction of the nonprofit sector. Or, it could be a wholly new project. This flexibility is needed to ensure that the Fellowship Program can compete for the very best Ph.D. students from all disciplines – not just those who had already committed themselves to the nonprofit sector.

In addition, the Fellows would be organized in a Research Seminar modeled on the very successful seminar that Professor Dennis Thompson runs for Senior Fellows in the Program on Ethics and the Professions at Harvard. That seminar meets on a weekly basis over the course of a year to review and discuss literature in the field, and to monitor progress on individual projects. Because our planned program is a two year program, we would shift to a bi-weekly seminar. Each year, the first two months (eight sessions) would be spent on an intensive review of the basic literature in the field for the incoming group of 5 new students. But then, the entering students would be combined with the 5 students from the previous year.

Finally, the Fellows would be expected to help staff the Summer Institutes. This would include assistance in defining and developing the subjects to be investigated, capturing the relevant literature to support the more senior scholars, and helping with the editing of the papers so that each one is an example of scholarly excellence, and the whole is greater than the sum of the parts. They might even contribute papers of their own if they were sufficiently accomplished, and the focus of the Summer Institute overlapped with their projects.

The proposal would be to provide 5 such Fellowships each year for a decade. That would imply that there would be 10 in residence at any given time (except for the first and last year of the fellowship program). The ordinary experience of the fellows would be to join the Program after they had completed course work in their doctoral programs, or after they had completed their Ph.D. dissertations. Their first two months in the program would be spent in an intensive review of the core literature in the methods and substantive literature of the field. Then, they would be combined with the Fellows from the previous year in a more eclectic review of literature, developing their own projects, and reviewing the projects that were undertaken by the more advanced Fellows. In the Spring and Summer of the first year and the Fall of the second year, they would participate in the Summer Incubator. In the second year, they would continue to participate in the Research Seminar, and complete their individual projects.

The result of this effort would be not only to increase the overall quality of the Summer Institutes, and not only to produce some important dissertations and working papers in the field, but more importantly to equip and commit some of the nation's best Ph.D. students from varied disciplinary programs to work on research in the nonprofit sector. The hypothesis is that early exposure to the issues in this field increases the likelihood that these talented young scholars will pursue these issues in the future, or at least remain open to the importance of research in the field. That hypothesis seems to have been confirmed by the experience of Yale's Program in Nonprofit Organization. There, research grants made to individuals early in their scholarly careers not only produced enduring classics in the field, but also helped to create a community of scholars that remained interested in the nonprofit sector, even though they went on to make contributions in other areas as well.

### C. Planning to Create Stronger Data Bases on Volunteerism and the Nonprofit Sector

Over the long run, the quality of research in a field is importantly influenced by the quality of data available to the field to study. Individual researchers can make great conceptual advances. They can undertake important data collection efforts on their own that illuminate a particular idea, or test a particular hypothesis, and in so doing, point the way towards more sustained data collection in the future. In the end, however, individual researchers cannot create the large, cumulative data bases that permit serious investigations to take place about the sector as a whole. Thus, to make progress, the field must develop some systematic ways of gathering important information about the size, structure, conduct, and performance of the sector as a whole.

There are two difficulties the Hauser Center faces in committing now to a strategy of large scale data collection, however. The first is that it is by no means clear what data ought to be collected regularly and systematically. The field is still defining itself. The questions that need to be investigated are still unformed, and their relative priority not yet established. So, it seems premature to try to imagine what sorts of data (beyond the obvious) should be collected.

The second is that a commitment to conduct large scale data collection efforts now might well swamp the development of the Hauser Center. At this point, the Hauser Center's distinctive competence is as a convener of imaginative and resourceful intellectual leaders who are seeking to conceptualize the development of a new field. Over the long run, that effort will fail unless important data bases are created to permit fruitful empirical investigations. In the short run, however, the administrative

requirements of developing a staff to collect information and establish data bases of various kinds are inconsistent with the administrative requirements of convening faculty and supporting fellows. Besides, the best strategy for data collection will probably be to share the burden across several different academic centers in the United States and across the world, not concentrate it in one center.

Our proposal, then, is not to commit now to the development of large scale data bases. It is, instead, to conduct a serious study with partners from other research centers to identify the important long run needs of those who want to both regulate and study volunteerism and the nonprofit sector both in the United States and around the world. While we cannot be sure about the subjects to be addressed or ideas to be considered in this study, we can anticipate the "discovery process" at least a little bit by pointing to some important questions that must be considered.

### Nonprofit Institutions or Voluntary Initiatives and Enterprises?

Perhaps the most important question to be considered is whether the aim should be to study exclusively the behavior of the institutions of the nonprofit sector, or, in addition to study the behavior of the individual motivations and behaviors of those who contribute time and money to public purposes, and the informal connections and community-based enterprises that make up an important if difficult to study part of the voluntary sector. This is an important question for the following reason. The part of the sector that is easiest to identify and study is that part of the sector that consists of relatively large, durable organizations that file reports with tax and regulatory authorities at federal and state levels. This is also the part of the sector that can show up as an economically important part of national economies. On the other hand, some of the most important claimed social significance of the sector lies in its ability to provide a channel for the expression of public-spiritedness, and to create "social capital." It may well be that the organizations that can be observed in the forms filed for tax purposes account for less of these purposes than thousands of small scale, transient, informal enterprises. A neighborhood watch group that springs up to deal with a local threat of drug dealing, but never accumulates any economic assets, and never files for tax relief may, nonetheless, be an important part of the voluntary sector whose size and vitality the field would like to be able to study cross-sectionally, comparatively, and over time.

If it is important to study these individual behaviors and informal organizations, it would be important to supplement the data bases now available from tax collecting agencies with new forms of systematic data collection. Possible ideas include the following:

- 1) A regular survey of individual citizens within the United States and other countries asking about attitudes toward public purposes, time spent on voluntary action, and knowledge of and attitudes toward nonprofit institutions;
- 2) The development of systematic ways of inventorying the "ecology" of nonprofit organizations in particular cities, and observing changes in the density and character of these organizations over time;
- 3) The establishment of a national network of nonprofit organizations, chosen to be representative of the nonprofit sector as a whole, to be used for regular surveying of their current experiences as a way of taking the temperature of the sector as a whole;

#### 4) Etc.

These may or may not be good ideas. The point is that they are efforts to go beyond what can be learned from records submitted to regulatory organizations, and to discover what might be considered the "capillaries" of the voluntary, non-profit sector – the small, informal enterprises that keep the body politic vital, but are smaller and less permanent than the major veins and arteries that can be more easily seen.

#### Improving the Data Collected by Government Regulators

It would probably also be important to consider how the data collected by regulatory agencies could be improved. This includes such small scale things as changing data elements in the system to get a more accurate answer to some pressing questions. For example, current forms ask nonprofit organizations how much of the revenues they earned from "fees," but they do not distinguish the "fees" that government agencies pay through entitlement programs that support consumer demand in some particular sectors such as health, housing and education, from the fees that are earned by selling products and services to unsubsidized consumers. This, of course, leads to an underestimate of the importance of tax dollars in supporting nonprofit enterprises. But this question could also include the big question of whether some consistent standards of reporting might be imposed on nonprofit organizations much as the SEC imposes standards on publicly held corporations that wish to sell stock. Of course, the primary motivation for such regulation would be to improve the accountability and performance of nonprofit organizations, not strengthen research. But it is quite possible that thoughtful research could inform this regulatory idea, and that once established, the regulations could dramatically improve the quality of research in the field.

#### Developing Methods for Comparative Analyses

It would also be important to give serious attention to how comparative studies of the nonprofit sector could be carried out. This includes dealing with the conceptual problem of what constitutes the nonprofit sector in countries as diverse in cultural traditions and institutional arrangements as Moldova, Japan, Saudi Arabia, South Africa, Mexico, Denmark, and the United States. Once the conceptual problem is solved, the question of what kinds of data collection instruments and methods could be used to support a plausible cross country comparison would still remain to be investigated.

#### Developing the "Common Law of Best Practices in Managing Nonprofits"

Finally, the Hauser Center has been considering a novel way of developing a data base that can be used to develop knowledge of "best practice" in the management and leadership of nonprofit organizations. The idea takes advantage of the method by which the common law develops. Specifically, the idea is to develop a panel of excellent managers in the nonprofit world, and to confront them with real cases of nonprofit managers facing operational problems. The panel of managers would then write the equivalent of an "opinion" on what seemed important to consider in the case, and how it ought to be handled. In our conception, this would be functionally equivalent to the opinion of "trial court judges" who confronted similar, messy fact situations, and made a ruling. Then, these "opinions" would be

reviewed by the functional equivalent of an appeals court judge, who, with the benefit of the diverse opinions and his or her own expertise, could be expected to construct a relatively more definitive ruling. The rulings in these cases, in turn, would then be abstracted further in the development of the equivalent of law review articles that would discuss the development of a particular body of law – in this case, the best management principles in dealing with problems such as managing relations with the board, measuring performance, dealing with volunteers, maintaining strong connections with local communities, and so on. We think that this system could be developed through electronic media, and made widely accessible through these same means.

Again, we are not certain which of these data collection efforts would be the most valuable or feasible. What we would like to do is to take two years, working with colleagues from other academic research centers, to determine which are the high priority tasks, and how the work might best be divided among the various centers.

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