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Notes Toward a Curriculum in
Nonprofit Policy and Management

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I. Introduction

One of the glories of social life is that individuals develop conceptions of what they owe to one another as individuals, and the kind of society they would like to create together.¹ These conceptions are public spirited in the broadest sense. They join individuals not only to one another as individuals, but also to larger more abstract social purposes they could achieve together as citizens of a larger society. Such public spiritedness is the fuel that energizes charity, politics, and direct action to improve community conditions. In the end, it is this impulse that individuals need to give meaning to their lives, and societies need to solve some of their most urgent problems. We need public spiritedness to overcome the individual curse of apathy and indifference, and to meet broader social needs that are not now met either by the private sector or by government.

The social energy generated by the impulse toward public spiritedness is both animated and channeled through many different institutional arrangements in society. At the most informal, individual level, it is created and expressed through cultural commitments that make courtesy, charity, helpfulness, and tolerance virtues in everyday social life. The energy may also be encouraged, accommodated or reflected in the business enterprises which provide employment and consumer goods and services, and motivate them to become "good citizens" in the larger society. And the energy can be channeled through political processes that allow citizens to petition their government, and see their (initially individual, but eventually collective) visions of a good society enacted in public policy and governmental action.

¹ James Q. Wilson, Political Organizations, New York: Basic Books, Inc. 1973.

Perhaps the most important channel for the development and expression of public spiritedness, however, are the institutions that comprise the "nonprofit" or "voluntary" or "independent" sector.² The sector is a large, heterogeneous one, and the characteristics that simultaneously tie the entire sector together and distinguish the sector as a whole from individual charitable acts, private enterprise, and government are not easy to define. Yet, by looking at the ways in which the sector differs from these others, we may accurately discern its essence.

While the sector is similar to (and ultimately dependent on individual acts of charity) in that the energy of the sector derives from the public spiritedness that lies in individuals, it differs from individual acts of charity in that the sector consists of relatively large scale, durable enterprises designed to attract and use the individual charitable impulses. Of course, there is an important continuum here ranging from neighbors getting together to patrol their streets for a short period of time after the neighborhood has been victimized by a crime through large, well established national charities such as the United Fund, to religious institutions such as the Catholic Church. But the point is that the "independent sector" consists largely of collective enterprises -- not just one to one acts of charity.

While the enterprises of the independent sector are similar to business firms in that they are committed to achieving goals, and do so largely through voluntary transactions, they differ from business enterprises in that their "bottom-line" is not merely (or even primarily) financial returns earned through the sale of goods and services. The "bottom line", instead, is the achievement of some kind of social purpose whose value is not fully measured by value of the goods and services sold. Moreover, many of the resources needed to achieve the goals including both financial capital and labor is given with no expectation that the contributions will be repaid in financial terms. They are, instead, to be repaid in the achievement of the goals which animated the voluntary contribution.

While the enterprises of the independent sector are similar to government agencies in that they are organizations designed to accomplish public purposes; they differ from government agencies in the same way that business organizations do. They are not fueled by tax dollars raised through the coercive power of taxation to achieve collectively defined public purposes. The fuel comes, instead, from voluntary commitments of money, time, and energy from individuals who have social purposes they would like to achieve.

Thus, the independent sector consists of organizations (and looser associations) that are animated by public spiritedness, supported by voluntary contributions to public purposes, and seek to realize those objectives in the world. This sector has different institutional forms in different societies, but its function is always the same, and is always vital to the health of a society.

Indeed, the health of the independent sector is key to dealing with a cruel paradox now becoming sadly apparent: namely, that throughout the world, urgency about solving public problems is increasing just as confidence in government's capacity to cope with them is in sharp decline. For the

² Michael O'Neill, The Third America, San Francisco: Jossey Bass Publishers, 1989. See page 24 for a definition of the "nonprofit sector." See pages 17-19 for more on the relationship and distinctions between the nonprofit sector and the other sectors in the society. Also, see John D. Rockefeller, III, "The Third Sector," Reader's Digest, April 1978, for a discussion of the third sector as the "invisible sector."

United States, for other countries, and for the international community, the independent sector has emerged as the sector that holds the key to increasing society's capacity to deal with its problems.

Domestically, non-profit organizations have:

- Mobilized new resources for public purposes by attracting charitable and volunteer contributions³
- Increased the vitality of public initiatives by giving unusually talented "public entrepreneurs" effective institutional platforms to help them realize their ideals
- Incubated and developed significant innovations in dealing with important public problems⁵
- Succeeded in diffusing those innovative ideas to other non-profit organizations and to government.⁶

Internationally, non-profit organizations have:

- Become the repository of public trust in many countries where government has been written off as morally corrupt or unresponsive to the problems that concern citizens⁷
- Acted effectively across national boundaries to deal with international problems that would otherwise have gotten bogged down in traditional diplomacy⁸
- Formed the nucleus of an emerging international civic community⁹

³ Gabriel Rudney, "The Scope and Dimensions of Nonprofit Activity," The Nonprofit Sector: A Research Handbook, Walter Powell, ed., pp. 55-64.

⁴ Arthur M. Schlesinger, Sr., The American as Reformer Cambridge: Harvard University Press, 1968.

⁵ Virginia Hodgkinson and Richard W. Lyman, The Future of the Nonprofit Sector, San Francisco: Jossey Bass Publishers, 1989. See also Peter Dobkin Hall, "A Historical Overview of the Private Nonprofit Sector," The Nonprofit Sector: A Research Handbook, Walter Powell, ed., pp. 3-26.

⁶ Walter Powell, The Nonprofit Sector: A Research Handbook.

⁷ G. Gidron, R.M. Kanter, and L.M. Salamon, eds., Government and the Third Sector: Emerging Relationships in Welfare States, San Francisco: Jossey Bass Publishers, 1992, pp. 1-30.

⁸ John Clark, Democratizing Development, West Hartford: Kumarian Press, 1991, pp. 125-199. Also, John Clark, "Policy Influence, Lobbying and Advocacy," Making a Difference: NGOs and Development in a Changing World, M. Edwards and D. Hulme, eds., London: Earthscan Publications, Ltd., 1992, pp. 191-202.

⁹ Laura Macdonald, "Turning to the NGOs: Competing Conceptions of Civil Society in Latin America," Paper presented at the Annual Meeting of the Latin American Studies Association, Los Angeles, September 1992. Also Robert Putnam, Making Democracy Work, Princeton: Princeton University Press, 1993, Chapter 6.

Even more important than the independent sector's capacity to act as a complement to business and government in dealing with important social problems is its capacity to deal with an even more important cultural problem. Behind the specific, concrete difficulties that societies experience as they try to act on public problems lies a deeper, more ominous problem: we worry that the social capacity to deal with collective problems -- to find in our hearts the desire to act for others, and in our talents a capacity to express those desires through collective action -- is eroding. If both trends continue, the ancient dream of a just and decent social order will recede rather than advance, and each of us alone, and all of us together, will be the poorer.

It is for these reasons that faculty and students in schools of public affairs have become increasingly interested in understanding, making careers within, and improving the performance of the nonprofit sector. The interest is so great that some schools have developed separate degree programs in nonprofit policy and management.¹⁰ Other schools have stopped short of specialized degrees, but have developed "specializations" in the field within degree programs in public policy or management.¹¹ Still other schools are developing individual courses that focus on one or another question in the broad domain of nonprofit policy and management.¹²

Exactly how the interests of faculty and students in the nonprofit sector might best be served through curriculum design remains uncertain. No doubt, the answer will differ from school to school. Still, as an intellectual experiment, it seems useful to set out the architecture of an "ideal" curriculum in nonprofit policy and management; more specifically, to suggest the primary distinctions that divide the field as a whole into discrete subjects along which courses could be organized. That is the purpose of this report: to outline the elements of an "ideal" curriculum in nonprofit policy and management. It is based on discussions within a faculty curriculum development group at the Kennedy School of Government, and backed by research into the courses in non-profit management offered across the country.

Note that while the aim of this report is to conceptualize a curriculum in nonprofit policy and management, it also serves a valuable research function. In outlining an ideal curriculum, one must organize the field as a whole as one would do if one were writing a textbook. In many fields, that work has already been done. In this field, it has not.¹³ Therefore, a proposal for an ideal curriculum might be

¹⁰ e.g. Case Western Reserve University: Mandel School of Applied Social Sciences, and New School for Social Research: Graduate School of Management and Urban Policy. See Naomi Wish, "University and College-Based Nonprofit Programs in the United States," A report sponsored by the National Association of Public Affairs and Administration, Washington, D.C., 1990, and "Graduate Programs in Nonprofit Management: An Update," 1992 for complete information on available programs. Also see Richard Cyert, "The Place of Nonprofit Management Programs in Higher Education," Educating Managers of Nonprofit Organizations, Michael O'Neill and Dennis Young, New York: Praeger Publishers, 1988, pp. 33-50 for a discussion of the implications and need for nonprofit management programs.

¹¹ e.g. Boston University School of Management, Seton Hall University: College of Arts and Sciences, Center for Public Service, and Stanford University: Graduate School of Business.

¹² e.g. Harvard University Business School.

¹³ Textbooks frequently cited are Peter Drucker, Managing the Nonprofit Organization (1990), Dennis Young, Casebook of Management for Nonprofit Organizations (1984), David L. Gies, Steven J. Ott, and Jay M. Shafritz, eds., The Nonprofit Organization: Essential Readings (1990), and the Jossey Bass Handbook of Nonprofit Leadership and Management (1994).

considered an outline of a basic text as well as an outline of a basic curriculum. Insofar as the outline of the basic text reveals important gaps or uneven development of the research base in the field, it might help in establishing a useful research agenda. In any case, we offer this report for a broader discussion in the field.

II. Two Different Concerns: Macro Policy and Micro Leadership

At the outset, it is useful to distinguish large "macro" questions about the sector as a whole (viewed in both an international and domestic context) from smaller, more "micro" questions about the management of specific nonprofit enterprises. Important "macro" questions include issues such as the following:

- 1) What defines the nonprofit sector and distinguishes it from commerce on one hand and government on the other?
- 2) To what extent is the concept of a "nonprofit sector" unique to Western liberal democracies? What does the "nonprofit sector" look like in other countries and other political regimes?
- 3) How can one best categorize the varied kinds of enterprises that comprise the sector? Is it best to think of them in terms of particular sectors and substantive fields such as arts, religion, education and human services? Or, is it more helpful to think in terms of their functions such as philanthropy and social investing, or service provision, or political advocacy, or community building?
- 4) How has the sector changed and developed over time not only in the United States, but also in other Western democracies, in newly democratizing countries, in the international community, and in the third world? What cultural features and public policies of a society act to shape the size and character of the sector?
- 5) What important roles does the nonprofit sector (or its functional equivalent in other societies) now seem to be playing in the life of the different societies? What important social purposes is it helping to achieve?
- 6) What are the important public policy issues now being debated about the development and use of the sector at both the international and domestic level? What should be the relationship between government and the nonprofit sector? What should the relationship between the nonprofit sector and business be?

Answers to these questions could be thought of as providing a necessary background or introduction to the field.

The "micro" questions focusing on the particular organizations and enterprises would include issues such as the following:

- 1) What structures are best for governing nonprofit enterprises?
- 2) How should the managers of nonprofit organizations relate to their governing boards? When and how should governing boards be created? What functions could they be mobilized to serve?
- 3) How should one define and articulate the goals of a nonprofit enterprise in a specific circumstance? Who should participate in the definition of purpose?
- 4) How can one measure the performance of nonprofit organizations? Is part of the goal of a nonprofit organization to sustain the public spiritedness of those who work for the enterprise? If so, what implications does that have for the use of volunteers versus professionals in the organization, and for the handling of conflicts that develop within the organization about purposes and methods?
- 5) What are effective ways of mobilizing and using volunteers? Under what circumstances, and under what definitions of an organization's purpose, is the extensive use of volunteers valuable?
- 6) How do nonprofit organizations balance their roles as vehicles for altruism, direct service providers, and political advocates?
- 7) How should nonprofit organizations deal with the fact that they have economic value in the marketplace and can market their assets, products and services to profit-making enterprises?
- 8) What are the implications of nonprofit organizations contracting with government or commercial institutions to provide services?

Answers to these questions could be thought to be important for preparing individuals to play important roles in governing, managing, or leading nonprofit organizations.

Note that the distinction between the "large, macro" questions on one hand, and "small, micro" questions on the other hand is based primarily on the "unit of analysis:" the first focuses on the sector as a whole; the second on firms within the sector. To many, this distinction is closely tied to a different distinction: that between the "positive" or "theoretical" issues on one hand, and the "normative" or "practical" concerns on the other. After all, taking up the broad, institutional questions about the size and character of the sector, and the factors that are shaping its development, are the kinds of questions that academic social science might try to answer: how big is the sector, is it growing or shrinking, what forces seem to be driving its growth, etc. Similarly, the more specific operational questions such as the structuring of boards, the marketing of the organization's goals and objectives, the measurement of performance, etc. are the kinds of questions that we might expect practicing professionals to be able to answer: what is the best overall strategy for developing the nonprofit enterprise that I am now leading.

Reflection reveals, however, that theoretical and practical, and positive and normative, questions arise at both macro and micro levels of analysis. Table 1, for example, shows how some basic questions about the sector can be divided not only between macro and micro questions, but also between positive and normative questions. While the theoretical, positive questions are most obvious at the sector level, important normative questions lie very close to the surface. These include questions about the social purpose the sector as a whole is supposed to fill, and the public policy justifications for giving the nonprofit sector special treatment at the hands of the government. The important normative questions can be answered in the context of a rights-based deontological discussion by pointing to rights that individuals have to associate with one another, to do what they want with their property, and to express themselves politically. Or they can be answered in the context of an instrumental, utilitarian discussion by pointing to particular important objectives that the existence of this sector helps to social. Indeed, it is only by answering these important normative question about the role that the nonprofit sector is supposed to play in society that one can responsibly address important public policy questions about this sector such as the amount and character of public encouragement that the sector as a whole should receive:

Similarly, while the practical, normative questions may be most obvious at the firm level of analysis, important theoretical, positive questions focused on the effects that particular kinds of interventions will have on nonprofit enterprises also occur at this level. For example, it is important for those who would govern, manage, or lead nonprofit organizations to know what the common experience is with particular structures of governance, methods of measurement, and ways of dealing with volunteers; etc. Figuring out what constitutes "best practice" in the field is at least as much an empirical as a philosophical question.

There is, of course, an overlap among these concerns for the macro and the micro, and the positive and normative questions. The cultural traditions and public policies that give a distinctive shape to nonprofit sector as a whole become the context within which particular nonprofit enterprises are managed. They set the constraints, and often define the goals, of nonprofit enterprises -- particularly through their impact on structures of governance. Similarly, prescriptive theories offering advice about how individual firms should be managed and led help explain why the sector as a whole behaves the way it does, for the sector as a whole acquires its character only as a result of how the individual enterprises within the sector act. Still, one can distinguish between the macro and micro levels of analysis, and between the positive and normative questions that are asked at each level.

Table 1 is potentially important for the design of a curriculum because it reminds us of the wide variety of questions such a curriculum might try to answer, and also offers some suggestions about how best to organize courses. For example, the table suggests that a course designed to introduce students to what is known about the size and behavior of the nonprofit sector (e.g. to concentrate on macro, positive questions), can be enlivened by including concerns for the macro normative questions of what role the sector is supposed to perform in society, and what kind of special recognition and support it ought to receive. Similarly, the table suggests that a course designed to prepare students for managing and leading public organizations can be disciplined by linking it to empirical studies of how particular kinds of managerial interventions have performed. In our view, an ideal curriculum would include courses at both levels of analysis, and would include positive and normative questions at each level.

TABLE 1

**Positive and Normative Questions
About the Non-Profit Sector and Non-Profit
Organizations**

	POSITIVE ISSUES	NORMATIVE ISSUES
<u>MACRO ISSUES</u> (sector as a whole)	<ul style="list-style-type: none"> • How big is this "independent" "charitable" sector? What are its principle component parts? • Has the sector been growing or shrinking? • What factors seem to be driving the growth of the sector? 	<ul style="list-style-type: none"> • What social purposes are advanced by having an "independent," "charitable" sector? • What justifies giving special tax treatment to non-profit organizations?
<u>MICRO ISSUES</u> (organizations/within sector)	<ul style="list-style-type: none"> • What seems to drive the behavior of non-profit organizations? • What factors are associated with the success of specific non-profit enterprises? • What is the effect of contracting with the government on the behavior of non-profit organizations? 	<ul style="list-style-type: none"> • What should be the goals of a non-profit enterprise? Who should be responsible for defining these? • What is the best way to structure a governing board? • What is the best way to measure performance? • How should non-profits engage on strategic planning?

III. A Comparative and International Approach to Macro-Policy

Noting that there are both positive and normative questions at both levels of analysis reminds us that important macro and micro questions about the sector may well be answered differently from one country to another.¹⁴ Moreover, answers given by any individual country may be different than the answers given by "the international community."¹⁵

Of course, as noted above, there is a coherent, general idea of a nonprofit sector that can be defined somewhat independently of the institutional arrangements of any given society. But exactly what shape these enterprises take, and how the enterprises add up to a whole sector differs significantly from country to country. The United States, with its strong tradition of civic association, has, perhaps, the most fully developed nonprofit sector.¹⁶ But it has been quite remarkable to observe how quickly the sector develops in developing countries and newly liberated states.¹⁷ As the "civic space" in a country opens up, it is colonized by active nonprofit organizations. (Indeed, one might even say that the latent public spiritedness in a country drives the opening up of the public space rather than the other way around!) And, nonprofit organizations have become increasingly important in the international or transnational community.

The fact that important differences exist across countries means that the comparative study of nonprofit sectors could be fruitful. The variety across countries has more than curiosity value. Even for those who are primarily interested in the development of the nonprofit sector in the U.S., a comparative analysis can serve as the basis for developing and testing hypotheses about the impact of nonprofit sectors on the overall character of a society, and the particular ways in which the policies adopted by one society or another affects the development of the sector. And for those who are interested in the capacity of voluntary, social action to have an impact throughout the world, the value of a comparative approach is obvious. The differences also demand and allow students from different countries to contribute their diverse experiences to an important discussion of the overall potential of the sector.

¹⁴ See Estelle James, "The Nonprofit Sector in Comparative Perspective," The Nonprofit Sector: A Research Handbook, Walter Powell, ed., New Haven: Yale University Press, 1987, pp. 397-415. Also Kathleen McCarthy and Virginia Hodgkinson, The Nonprofit Sector in the Global Community: Voices from Many Nations.

¹⁵ See Lester Salamon, Partners in Public Service, Baltimore: Johns Hopkins University Press, 1995, p. 268. Also Barnett Baron, "An Overview of Organized Private Philanthropy in Southeast Asia," paper prepared for delivery at the John D. Rockefeller 150th Anniversary Conference, Pocantico Hills, NY, 1989. Also Council on Foundations, "Symposium on the Status of Philanthropy in Latin America and the Caribbean," San Juan Puerto Rico, February 24-26, 1988.

¹⁶ Alexis DeTocqueville, Democracy in America, vol. II, book II, chapter V, New York: Alfred A. Knopf, Inc., 1976. See also Brian O'Connell, America's Voluntary Spirit: A Book of Readings, New York: The Foundation Center, 1983 for a collection of articles on the unique nature of American volunteerism.

¹⁷ Brian H. Smith, More than Altruism: The Politics of Private Foreign Aid, Princeton: Princeton University Press, 1990, 3. See also the following Chapter 15, "The Global Associational Revolution: The Rise of the Third Sector on the World Scene," in Lester Salamon, Partners in Public Service, Baltimore: Johns Hopkins University Press, 1995, pp. 243-269; Daniel Seigel and Jenny Yancey, The Rebirth of Civil Society: The Development of the Nonprofit Sector in East Central Europe and the Role of Western Assistance; Helmut K. Anheier, "Indigenous Voluntary Associations, Nonprofits, and Development in Africa," in The Nonprofit Sector: A Research Handbook, Walter Powell, ed., pp. 416-433.

The discussion of the role of nonprofit sectors in the international community is probably worthy of a separate discussion. The reason is that in domains such as human rights, environmental protection, and child nutrition and development, international nonprofit organizations are coming to be important, independent actors on the international scene.¹⁸ They are also becoming potentially important channels that can be used by international organizations or individual countries to act effectively on problems faced by other countries when the sponsoring organizations have (for whatever reasons) lost confidence in the competence or good will of domestic governments.¹⁹ They may also be creating enough activity and public commitment at the international level to help the concept of an "international community" become more than a metaphor. The effects of international nonprofit organizations on individual countries and on the development of the international community, and important questions about what constitutes appropriate behavior by such institutions and to whom they are accountable, are, in our opinion, sufficiently important to merit special attention. Whether that means a separate course, or a separate section of a more general course, remains unclear.

IV. Recognizing and Accommodating the Diversity of the Sector

One important feature of the nonprofit sector that has bedeviled both research and teaching is the sector's extraordinary heterogeneity. In the United States, the sector includes organizations as diverse as the Elks Club, the Boston Symphony Orchestra, Massachusetts General Hospital, Harvard University, the Sierra Club, and La Alianza di Hispana. In Africa and Latin America, it would include the Environmental Resource Center in Kenya and the Sudanese Chamber of Crafts, and the Pan-American Health Organization. And in the international community, it includes CARE, Amnesty International, and the Red Cross, World Alliance of Young Men's Christian Associations, World's Evangelical Association, and the Catholic Relief Service.²⁰

The extraordinary variety of organizations included within the nonprofit sector has raised two important questions: first, to what extent should curriculum be designed to encompass the entire field versus specialized to particular subsectors within the broader field; and second, to the extent one wanted to design curriculum to deal with particular subsectors in the field, what would be the best way to divide up the broader field?

¹⁸ See chapter 8, "International Assistance. The World Role of American Nonprofits," in Michael O'Neill, *The Third America*, San Francisco: Jossey Bass Publishers, 1989 for a discussion of the role of American nonprofits in the international community. See also "Responding to Change," US Agency for International Development, Advisory Committee on Voluntary Foreign Aid, Washington, D.C.: US Government Printing Office, 1990.

¹⁹ E.F. Schumacher, *Small is Beautiful: Economics as if People Mattered*, New York: Harper and Row Publishers, 1973. Also see Helmut Anheier in *The Nonprofit Sector: A Research Handbook*, Walter Powell, ed.

²⁰ For a more complete listing of nonprofit organizations domestically and internationally, consult the following: Virginia Hodgkinson, M. Weitzman, C.M. Toppe, and S.M. Noga, *The Nonprofit Almanac: Dimensions of the Independent Sector*, San Francisco: Jossey Bass Publishers, 1992; Union of International Associations, *Yearbook of International Organizations*, Munich: K.G. Saur Verlag GmbH, 1992; *Directory of Nongovernmental organizations in OECD Member Countries*, Organizations for Economic Cooperation and Development, Paris, 1981.

With respect to the first question, we have found it important, at least as a starting point, to remind ourselves of the full spectrum of non-profit organizations. The reason is that we often found ourselves unconsciously identifying the entire field with the piece of the field that interested us the most. Thus, in talking about nonprofits, some would have the question of how charitable hospitals should be folded into an overall national health care system, and who would own the wealth that attached to those hospitals if they were bought by a forprofit hospital. Others would be thinking about the ways in which business enterprises, through various nonprofit subsidiaries, could make a contribution to society. Still others would be thinking about how foundations could leverage their influence on society. And still others would be thinking about how a community-based community development corporation could overcome fear and despair in a low income community. Indeed, it was striking to us how different the "elephant" of the nonprofit sector looked from the vantage points of different schools at the University and different faculty members within the schools. Until we reminded ourselves that all these different parts of the elephant existed, we found that we were talking past one another because we were unconsciously making different assumptions about what the "real" questions in the field were. We assume that this confusion might exist among prospective students as well, and that an important first step would be to see the field as a whole with all its variety rather than to make an implicit or explicit assumption that the particular part of the field that most interested us was really what the whole field was about. Viewing the field as a whole also helped remind students of the career possibilities within the field. These points argued for focusing on the field as a whole rather than a particular part.

On the other hand, it was also apparent that different schools, different faculty members, and different students were interested in different parts of the nonprofit sector. Some saw themselves leading large national and international charitable organizations; others leading church groups or educational institutions, or arts-based organizations; still others heading foundations; and still others working on grass roots community organizations. This naturally caused people to think in terms of developing specialized courses focused on specific parts of the nonprofit world. Inevitably, some degree of such specialization would be an explicit or implicit feature of a curriculum in nonprofit organizations -- if not as a feature of introductory courses, then clearly as a feature of "second level" courses, or courses particular to a specialized school (such as schools of divinity, social work, or education). An important question, however, is on what particular dimensions would it be useful to break out the fields of specialization within the nonprofit world.

The most natural distinction, of course, is to distinguish different sectors or different subject matters: for example, religious organizations, arts organizations, educational institutions on one hand, or health, the environment, and social services on the other. Such distinctions are almost certainly inevitable, since schools, faculty members, and students tend to be interested in these particular dimensions. Insofar as they can be sustained, such specializations are valuable.

The difficulty with organizing around these sectors or subject matters, of course, is that while such information might be important for people who want to work in these sectors to know, it does not provide an adequate introduction to the distinctive characteristics of the sector as a whole. Nor does it allow one to exploit whatever commonalities exist across the heterogeneous sector. And it does require one to field a great many specialized courses, or bits of curriculum in many varied courses. These difficulties suggest that the right solution might be to offer introductory courses on nonprofit.

organizations and management in general, and then allow as much specialization by substantive sectors as was locally demanded, and could be locally supplied.

Our discussions revealed the potentially greater importance of distinguishing among kinds of nonprofit organizations not in terms of their substantive fields, but instead in terms of the principal functions they performed. Specifically, it seemed important to us to distinguish among at least four different kinds of nonprofit organizations: 1) philanthropic organizations; 2) organizations that produce products and services; 3) political advocacy organizations; and 4) member serving organizations. There are several reasons to make these particular distinctions among nonprofit enterprises.

First, the contributions these different kinds of organizations make to society are all quite different. Philanthropic organizations, for example, are valuable because: 1) they provide a vehicle for the expression of philanthropic motivations (and thus nurture these throughout the population); 2) they increase the variety of conceptions of public purposes that are expressed; 3) they provide the financial and social underpinnings for many things that are socially valuable but could not be supported by government; and 4) because they provide society's "risk capital" and help innovation in the public sector.

Service delivery organizations, on the other hand, are valuable because: 1) they allow individuals to express their desires to achieve charitable/public purposes; 2) they provide for those who are unable to care for themselves without invoking the authority of government; 3) they provide models of how such operations could be run more effectively; and 4) because they are available to government as a potentially low cost provider of tax supported services.

Political advocacy organizations are valuable to our collective life because: 1) citizens have rights to belong to such organizations; and 2) because they help society carry on a public conversation about the kind of society we ought to be, how the lines should be drawn between sectors, and what kinds of public policies would be well designed to achieve our collectively defined goals.

Member serving organizations are valuable because: 1) because people have rights to form such associations that shouldn't be abridged; 2) they are efficient ways of providing services to individuals; and 3) because such organizations help to build "social capital" useful in other collective activities such as politics and government.

Second, because the contributions that these different kinds of organizations make to society are different, it follows that the purposes for which they are managed and the ways in they are organized and evaluated are all quite different. Philanthropies face important questions about investing and leveraging their resources.²¹ Service organizations face problems of organizing to deliver their services, particularly when they are working to cross racial, class and cultural boundaries in the performance of their tasks, as well as organizing to maintain a flow of contributions that can keep them

²¹ Jon Van Til, Critical Issues in American Philanthropy, Strengthening Theory & Practice (1990). See debate with Julius Rosenwald and others: "Principles of Public Giving," The Atlantic Monthly, May 1929, and "The Trend Away from Perpetuities," Atlantic Monthly, December 1930. Later response by Daniel Boorstin, "From Charity to Philanthropy," The Decline of Radicalism, New York: Random House Publishers, 1963, chapter 3.

operating.²² Political advocacy organizations face important questions about how they can make their influence felt most widely.²³ And member serving organizations face important questions not only about delivering services, but also accounting to their membership about their operations.²⁴

Sometimes the boundary among these different kinds of organizations blurs (despite the relentless efforts of the IRS to make them distinct). Many organizations that start doing one kind of thing end up doing others. Some philanthropic organizations are engaged in direct services as well as in social investing, and sometimes branch out into political advocacy. Service delivery organizations will also sometimes become political advocacy groups when the interests of their clients are adversely affected by governmental action. Political advocacy organizations, for their part, will sometimes begin to act as philanthropies by attracting and investing funds in activities that seem well designed to operationalize their political purposes. And member serving organizations will also sometimes become political advocates. And many nonprofit organizations end up having commercial enterprises and important relations with government as well!

Indeed, some of the most interesting public policy questions about nonprofit organizations concern the issue of how to define the boundaries of these different kinds of activities, and which kinds of public support to give to the different kinds of enterprises. And some of the most important management and leadership questions facing those who lead nonprofit organizations is whether and how to combine these different kinds of activities within a single organization, or within an organization and its subsidiary parts. It is this fact that makes it seem wise not to have the introductory courses in nonprofit policy and management organized around these different kinds of nonprofit organizations. On the other hand, one can easily imagine focusing more advanced and specialized courses in nonprofit policy and management on the particular managerial issues raised by the different kinds of organizations.

V. Managerial and Leadership Functions

Finally, if one chose to concentrate on preparing students to lead and manage nonprofit organizations, one can imagine developing a curriculum organized around the particular managerial functions they would have to be able to perform. The difficulty here, of course, is that the functions of nonprofit management overlaps to a considerable degree with the subjects of for-profit and governmental management. Managers in all three sectors must figure out to whom and for what they are accountable, and how relationships to their overseers must be managed. They must all be engaged in defining the mission and purpose of their organizations, and the shaping of organizational identity. They must all be able to account for and control their use of financial resources. They must all be able to motivate and develop the people on whom they are relying. They must all be able to analyze and

²² Jon Van Til, "Nonprofit Organizations and Social Institutions." *Jossey Bass Handbook of Nonprofit Leadership and Management*, San Francisco: Jossey Bass Publishers, 1994, pp. 44-64.

²³ Charles Clotfeller, ed. *Who Benefits from the Nonprofit Sector?* Chicago: University of Chicago Press, 1992.

²⁴ Rosabeth Moss Kanter, David V. Summers, "Doing Well While Doing Good: Dilemmas of Performance Measurement in Nonprofit Organizations and the Need for a Multiple Constituency Approach." *The Nonprofit Sector: A Research Handbook*, Walter Powell, ed., New Haven: Yale University Press, 1987, pp. 154-166.

understand their production processes and be able to re-engineer and innovate to enhance efficiency, effectiveness or quality. They must all be able to do strategic planning that fits their current organization into anticipated future environments. Thus, it might be possible to teach nonprofit management simply as a gloss on a basic course in management.

Still, it may be that student demands for training in nonprofit management will be great enough to justify a specific focus on nonprofit management. And, there are enough important differences between nonprofit management on one hand, and for profit and governmental management on the other, to provide an intellectual justification for teaching a separate course on nonprofit management. Some specific issues that are worth specialized attention either in courses devoted exclusively to nonprofit management would include the following:

Leadership through Values: Since much of the animating energy for a nonprofit organization comes from donors and workers who care about the day to day realization of important values, this becomes particularly important to non-profit managers. It may also become particularly problematic when, for one reason or another, an organization has to change its purpose or its operational methods in ways that affect the value commitments of the organization.

Setting Up Governance Structures: Since those who lead and manage nonprofit organizations have unusual discretion in structuring their own boards, and their own mechanisms of accountability, this question has great significance. It is important to think through the functions that one wants a Board to serve (e.g. to help with fundraising, to demand accountability, to link to concerns of customers and clients), and how to select Board members and develop relationships among the Board to help them serve the desirable function.

Fundraising: Since all organizations need money to operate, and since an important, defining source of revenue to nonprofit organizations is charitable contributions as well as sales of products and services, it is important for nonprofit managers to learn a great deal about fundraising. This is as important as marketing in a private enterprise, and as sustaining a mandate for action in the governmental sector.

Defining Mission: Since nonprofit organizations have a great deal of latitude in defining their overall mission, and since the definition of their mission is necessary to being able to measure their actual performance, this function is particularly important. The goals have to be inspirational enough to engage donors and volunteer workers; flexible enough to accommodate the need to change activities; but still precise enough to be measurable and allow the organization to determine for itself and report to others whether it is achieving what it set out to do.

Recruitment and Management of Volunteer Workers: Since nonprofit organizations depend more than other organizations on volunteer workers to achieve their objectives, it is important to think through the question of how volunteers might be most effectively integrated into operations. This includes figuring out how much training and supervision they require, what a minimum level of commitment from volunteers would be, and how relations between paid and unpaid volunteers should be managed to avoid organizational conflict.

Managing Portfolios of Activities: For some complex nonprofit organizations, it becomes particularly important to find ways to exploit the synergies and avoid the problems associated with managing different kinds of activities within the same organization. It is not unusual, for example, for some very small nonprofits to be engaged in a wide variety of activities supported by different grants. In this complex situation, problems can arise both in accounting for one's activities, and in taking advantage of operational synergies. Of particular importance is how one should think about balancing the growth of different parts of the organization, and the cultural challenges associated with having nontraditional activities suddenly gain prominence in an organization.

Developing Social Capital: For many community-based, non-profit organizations, the development of social capital in their communities is one of their main goals. Indeed, it could be said that they provide particular products and services to a community primarily as a way to build a sense of community rather than to help the particular individuals involved. For such organizations, it is particularly important that they find ways to engage their local communities in all phases of the operation -- from governance, through voluntary or paid support in operations, to service to clients. Moreover, it is important they manage those relations to build community competence. Learning how to accomplish this function represents a unique managerial challenge in the nonprofit world.

VI. Some Particular Issues Central to the Public Sector

Because nonprofits lie between commercial and governmental sectors, those whose primary interests are in both realms may become engaged in thinking about the nonprofit sector. They tend to come with different perspectives and concerns, however. Those whose concerns are primarily in the business sector will come with interests in questions of the fairness of the government's tax treatment of the sector, and the proper distribution of any equity interest in an asset held by a nonprofit organization that is sold in the market. They may also be interested in how commercial enterprises can effectively engage in philanthropy, or take advantage of the philanthropic ambitions of their employees. And they may be interested in applying private sector techniques to both investment and management activities of the nonprofit sector.

Those who come from the governmental or public side, however, are apt to see different things in the nonprofit sector than those who come from business. Thus, for example, those from the public sector are likely to be particularly aware of the role of nonprofit organizations in delivering publicly supported social services ranging from day care, through alcohol treatment, to delinquency prevention or rehabilitation.²⁵ As part of that concern, they will be particularly interested in the impact that government contracting and procurement rules have on the nonprofit organizations who contract with

²⁵ Michael Lipsky and Steven Rathgeb Smith, "Nonprofit Organizations, Government, and the Welfare State," Political Science Quarterly, vol. 104, no. 4, 1989-1990.

government. They will also be acutely aware of the role that philanthropic organizations play in encouraging the development, testing, and dissemination of new programs for accomplishing public purposes. Indeed, they will see nonprofit organizations as important research and development labs for the creation of new programmatic ideas, and the philanthropic sector as an important source of "risk capital" in the public sector.

To an increasing degree, those who come from the public sector will also be particularly alert to the role that nonprofits play in what might broadly be considered politics. They will have noted the important role that nonprofit organizations play in purveying "public ideas" to be discussed and debated, and in underwriting both electoral and policy politics.²⁶ They will also have noted that one of the important justifications for relying so heavily on community based organizations for the delivery of social services is not only that they will be able to provide more culturally appropriate (and therefore more plausibly effective) services to targeted populations, but also that the act of providing such services through a community based organization may actually strengthen the political self-confidence and competence of local communities.²⁷

Paying attention to these particular features of nonprofit organizations is particularly important to schools of public affairs. And doing so is likely to allow them to make a distinct contribution to research and teaching about the nonprofit sector.

²⁶ Robert Bellah, Habits of the Heart (1985). See debate in American Prospect, Mar/Apr 1996 about civil society in Am.

²⁷ Robert Putnam, Making Democracy Work. See also David Horton Smith, "The Impact of the Volunteer Sector on Society" and "Social Capital and Institutional Success," Chapter 6, Voluntary Action Research, Lexington: Lexington Books, D.C. and Co., 1973.

Appendix 1

An Outline of Courses to Support a Concentration in NonProfit Policy and Leadership

- 1.0 Introduction to the Nonprofit Sector: One Semester: Required Course
- 2.0 Strategic Management of Nonprofit Organizations: One Semester: Required Course
- 3.0 A Comparative Perspective on the Nonprofit Sector: 1/2 - 1 Semester: Elective
- 4.0 Nonprofit Organizations in the International Arena: 1/2 - 1 Semester: Elective
- 5.0 Philanthropy and Social Investing: 1/2 - 1 Semester: Elective
- 6.0 Nonprofits, Political Advocacy, and the Development of Social Capital: 1/2 - 1 Semester: Elective
- 7.0 Contracting with Government for Social Service Provision: 1/2 - 1 Semester: Elective
- 8.0 The Tax Treatment of Nonprofit Organizations: 1/2 Semester: Elective
- 9.0 Accounting for the Performance of Nonprofit Organizations: 1 Semester: Required

Appendix 2

Drafts of Syllabi for Selected Key Courses

1.0 The Independent Sector: Its Social Role and Behavior (One Semester: Required Course)

1.1. Course Description

The purpose of this course is to provide students with a general introduction to the independent, nonprofit sector. It offers a definition of the sector, and the way in which it is similar to and different than both commercial enterprise and government. A description of the current size, character and significance of the sector in the United States is contrasted both with historical developments in the United States, and with conditions and practices elsewhere in the world and in the international community. Economic and sociological theories that seek to explain the behavior of the sector as a whole and of firms within the sector are presented. Important public policies (including aspects of constitutional law and federal tax policy) that shape the development of the sector are described and evaluated along with normative theories that explain the particular social significance of the sector and justify favorable treatment for it. The course will be based primarily on readings and lectures. Cases will occasionally be used to illustrate some of the broader theories and conceptions. Specific topics to be discussed are presented below:

1.2. Specific Topics

Definition of the Nonprofit Sector

Nonprofits in the United States

Current Size, Scope, Character of the Nonprofit Sector

Philanthropy

Service Providing Organizations

Political Organizations

Member Serving Organizations

History of Development within the United States

Important Legal Principles Shaping Development

Important Tax Policies Affecting Development

A Comparative View of Nonprofit Organizations

Nonprofits in Other Developed Societies

Nonprofits in Newly Liberated Societies (Europe, Asia)

Nonprofits in Developing Societies

Nonprofits in the International Community

Behavioral Theories of Nonprofit Organizations

Sociological Theories

Economic Theories

Normative Theories of the Nonprofit Sector

A Rights Based Conception of Nonprofits

Freedom of Association

Self-Expression and Freedom of Speech

Nonprofits as Instrumentally Valuable to Society

The Encouragement of Altruism

The Development of Social Capital

The Infrastructure of Politics

Lessening the Burden of Government

Social Research and Development

Efficient Social Services

Public Policies Toward Nonprofits

United States Policies

Comparative Policies

International Policies

The Future of the Nonprofit Sector in the United States and Around the World

Appendix 2A

2.0 The Strategic Management and Leadership of Nonprofit Organizations

(One to Two Semesters: Required Course)

2.1. Course Description

The purpose of this course is to provide an introduction and overview of major topics in the field of nonprofit management. The course begins with a definition of nonprofit organizations, a reminder of the variety of organizations that make up this sector, and a brief account of the important public policies that have defined and shaped the development of this sector. The course then turns to a review of the important managerial functions that managers of non-profit organizations must perform including: 1) establishing structures of governance; 2) defining mission and purpose; 3) marketing the enterprise to donors, contributors, and other volunteers; 4) accounting for the organization's performance; 5) finding and exploiting efficiencies in operations; 6) expanding the scale or diffusing the idea behind the organization; 7) maintaining and exploiting the political base of the organization; 8) contracting with government; 9) developing and exploiting commercial opportunities to subsidize other activities; 10) balancing the organization's portfolio of activities; 11) adapting the organization to new circumstances. The course is based largely on cases describing concrete problems facing the managers of specific organizations chosen to represent the variety of organizations active in the field. Where appropriate, readings on the specific techniques being utilized will be provided as background.

2.2. Specific Topics

Introduction to the Nonprofit Sector

Starting a Nonprofit Organization

Values and Purposes

Sources of Support

Key Operational Capabilities

Governance of Nonprofit Organizations

Legal Requirements for Oversight

Functional Uses of Boards of Directors

Board/Management Interactions

Reporting

Dealing with Conflicts

Reconstituting Boards

Replacing Managers

Defining Organizational Mission and Purpose

The Role of Tradition in Defining Purpose

Survival and/or Growth as Goals

Other Ways to Define Purpose

Marshalling Financial and Other Forms of Support

Financial Analysis of Nonprofit Organizations

Marketing the Organization to Donors and Other Funders

Creating a Public Perception of the Organization

Maintaining a Political Base with Donor and Client Communities

Accounting for Organizational Performance

Activity-Based Accounting

Measurement of Performance

Program Budgeting

Re-engineering Production Processes

Process Flow Analysis/ Value Engineering

Benchmarking

Quality Management

Managing Human Resources

Motivating through Values and Money

Attracting and Using Volunteers

Sustaining Commitment When the Mission Changes

Contracting with Government

Philosophy and Practice of Government Procurement

Negotiating with Government

Diffusing Program Innovations

"Going to Scale"

Franchising a Model

Managing a Portfolio of Activities

Maintaining the "Community Base"

A Simulation Exercise in the Management of a Complex Nonprofit

Appendix 2B

3.0 The Independent, Nonprofit Sector: A Comparative Perspective

(1/2 -1 Semester: Elective Course)

3.1. Course Description

The purpose of this course is to place a student's understanding of the independent, nonprofit sector in a broad comparative context. The course will examine the cultural traditions and institutional arrangements that different societies have constructed to sustain and channel individual altruistic and social desires. Of particular interest will be the laws and tax policies established by different countries towards "voluntary associations" where the purposes are not commercial, but member serving, or charitable, or helpful to the achievement of collectively established goals. We will also be interested in the ways in which such groups participate in politics through the advocacy of particular causes.

3.2. Specific Topics

Case Studies/Images of Nonprofit Organizations in Different Social and Cultural Contexts: How they developed; how development was shaped by cultural traditions, institutional arrangements, and policies; what functions they now seem to be serving.

Asian Traditions and Current Policies towards Nonprofits

African Traditions and Current Policies towards Nonprofits

European Traditions and Current Policies towards Nonprofits

The Independent Sector in "Emerging Democracies"

The Independent Sector in "Developing Countries"

The Independent Sector in "Established Democracies"

NonGovernmental Organizations in the International Community

Appendix 2D

5.0 Philanthropy and Social Investing

(1/2 - 1 Semester: Elective Course)

5.1. Course Description

The purpose of this course is to identify and discuss the important role that philanthropy plays in societies, and how best to use philanthropy to advance social purposes. The course will look at the sources of the philanthropic impulse, and the institutional arrangements and policies that support the creation of philanthropic institutions. It will also look at the different ways in which philanthropy can enrich and benefit society: by allowing those who have made much from society to give something back, and enrich it with their own particular visions of what is publicly valuable; by providing an alternative to government in the supply of socially valuable but unsaleable goods and services; by providing a kind of social "risk capital" that can support innovations that are too risky for government to try, but would be valuable to government if they proved successful, etc. Of particular interest will be efforts to create social change either by developing and diffusing particular programmatic innovations, or by building local community capacities to identify and deal with local problems.

5.2. Specific Topics

Defining Philanthropy

What Fuels Philanthropy: Individual Impulses, Social Pressures

Philanthropy as Individual Expression: Impact on Culture, Politics, and the Achievement of Public Purposes

Making the Most of Philanthropy: Getting Social Leverage

Social Research and Development

Community Capacity Building

Public Policies Affecting Philanthropic Activities and Organizations: Current Issues and Problems

Appendix 2D

5.0 Philanthropy and Social Investing

(1/2 - 1 Semester: Elective Course)

5.1. Course Description

The purpose of this course is to identify and discuss the important role that philanthropy plays in societies, and how best to use philanthropy to advance social purposes. The course will look at the sources of the philanthropic impulse, and the institutional arrangements and policies that support the creation of philanthropic institutions. It will also look at the different ways in which philanthropy can enrich and benefit society: by allowing those who have made much from society to give something back, and enrich it with their own particular visions of what is publicly valuable; by providing an alternative to government in the supply of socially valuable but unsaleable goods and services; by providing a kind of social "risk capital" that can support innovations that are too risky for government to try, but would be valuable to government if they proved successful, etc. Of particular interest will be efforts to create social change either by developing and diffusing particular programmatic innovations, or by building local community capacities to identify and deal with local problems.

5.2. Specific Topics

Defining Philanthropy

What Fuels Philanthropy: Individual Impulses, Social Pressures

Philanthropy as Individual Expression: Impact on Culture, Politics, and the Achievement of Public Purposes

Making the Most of Philanthropy: Getting Social Leverage

Social Research and Development

Community Capacity Building

Public Policies Affecting Philanthropic Activities and Organizations: Current Issues and Problems

APPENDIX 3

Notes Toward a Curriculum in Nonprofit Policy and Management Suggested Readings for Courses

1.0 *The Independent Sector: Its Social Role and Behavior*

See syllabus by Michael O'Neill, Univ. of San Francisco. "Introduction to the NP Sector"

See syllabus by David Hammack, Case Western Reserve Univ., "Introduction to the NP Sector"

2.0 *Strategic Management of Nonprofit Organizations*

See syllabus by Christine Letts, KSG. "Management of NPOs"

See syllabus by Robert Augsburger, Stanford Univ., "Strategic Management in the NP Environment"

3.0 *A Comparative Perspective on the Nonprofit Sector*

There were no classes on this topic, but I did find some texts that dealt with the issue. One prominent author in the field is Helmut K. Anheier. Other works include:

McCarthy, Kathleen, Virginia Hodgkinson, *The Nonprofit Sector in the Global Community: Voices from Many Nations*

Siegel, Daniel, Jenny Yancey, *The Rebirth of Civil Society: The Development of the Nonprofit Sector in East Central Europe and the Role of Western Assistance*

James, Estelle, ed., *The Nonprofit Sector in International Perspective: Studies in Comparative Culture and Policy*

4.0 *Nonprofit Organizations in the International Arena*

See Martha Chen's syllabus, KSG. "The Role of NGOs in International Development"

I met with her last week to talk about how she would adapt her syllabus to the course you described. She felt very strongly that her current syllabus covered all the topics and goals you stated. One note she made, however, was that there is no contracting of services in the international community. Thus, instead of "contracting countries," you should refer to them as "host countries."

5.0 *Philanthropy and Social Investing*

See Robert Semple, Seton Hall Univ., "Philanthropy and Volunteerism in Action: The Impact on the Independent Sector"

See James A. Smith, New School for Social Research, "The Role of Foundations"

See Stanley Wenocur, Univ. of Maryland, "Resource Development for NP Groups"

6.0 *Nonprofits, Political Advocacy, and the Development of Social Capital*

See Chet Haskell, KSG, "Nonprofit Organizations and Advocacy"

See Marshall Ganz, KSG, "Organizing: People, Power, and Change"

See Kristen McCormack, KSG, "NPOs and Public Policy"

7.0 *Contracting with Government for Social Service Provision*

There were no classes on this topic, as it seems to be a relatively new topic. The formalized relationship between government and nonprofits is just emerging (see Salamon text listed below).

Some texts to read might include:

Wolch, Jennifer R., *The Shadow State: Government and Voluntary Sector in Transition*

Gidron, Benjamin, Ralph Kramer, Lester Salamon, eds., *Government and the Third Sector: Emerging Relationships in Welfare States*

Lester Salamon, *Partners in Public Service*

8.0 *The Tax Treatment of Nonprofit Organizations*

See Dennis R. Young, Case Western Reserve Univ., "Economics for NPOs"

9.0 *Accounting for the Performance of Nonprofit Organizations*

See G. Worth George, Univ. of San Francisco, "Organizational Policy, Planning and Evaluation"

See Kenneth D. Mitchell, Mississippi State Univ., "Public Program Evaluation"