A PARADIGM SHIFT IN THIRD SECTOR RESEARCH?
A REPORT ON A SEMINAR IN THE SCHOOL OF PUBLIC AFFAIRS,
UNIVERSITY OF COLORADO AT DENVER AND HEALTH SCIENCES CENTER

by

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Jon Van Til

INTRODUCTION

A seminar offered in the Summer of 2007 by Prof. Jon Van Til of Rutgers University challenged graduate students at the University of Colorado to think about the nonprofit/third/civil society sector in a way that confronted prevailing U.S.-based academic conventions. Students were, further, invited to write several “op-ed” statements to clarify and present their own thinking on the fundamental goals and values of nonprofit organizations. This report presents the results of the seminar’s work.

THEORY COMES FIRST

No field of scholarly endeavor can succeed without a vigorous commitment to the development, testing, and growth of theory. The discovery of the voluntary sector (1970s), followed by its conception as the nonprofit sector (1980s), the third sector (1990s), and civil society (2000s) has seen a steady growth in the development of theories aimed at both understanding this growing field and, increasingly, testing conceptions by means of empirical and field study.

In this presentation, I identify four markers in the development of theory in this field: the major statements by Van Til (1988, 2000), Lohmann (1992), Salamon (1998), and Evers (2004).

In my book, Mapping the Third Sector, I sought to place the study of the third sector squarely in the context of classical social and political theory. I related current trends in the study of third sector action and organizations to the writings of Durkheim, Marx, Weber, Michels, Parsons, primary among other major theorists. In a later book, Growing Civil Society (2000), I noted that the third sector might be seen to contain a vital core of organizations far smaller than the present hodge-podge of 1.5 million member- and public-serving organizations that includes social clubs, churches, labor unions, business associations, service providers, and political parties. A third space of vital and productive action, I suggested, might thus replace a statistical nonprofit sector, which at present includes many organizations only incidentally connected to the advance of human welfare.

This “statistical nonprofit sector,” consisting of organizations vastly disparate in purpose, structure, and mission, has taken the form of a societal trap, into which organizations stream to check in, but few, if any, ever check out. I asked: Would it not make better sense, in terms of both research and law, to allow those among them who begin with a third sector mission, but have then become essentially commercial or governmental, to be shown to a decent but firm exit from the sector?

Social welfare scholar Roger Lohmann, in his book The Commons, which has been published in a Japanese edition, also seeks to locate the vital core of action in the third sector. He focuses in his definition on the processes and purposes common to third-sector
organizations, and develops a definition that sets a normative base for the sector, in distinction to the formal and legalistic definition developed by a third, and highly influential theorist, Lester Salamon.

Comparing the Lohmann and Salamon Definitions

<table>
<thead>
<tr>
<th>LOHMANN</th>
<th>SALAMON</th>
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<tbody>
<tr>
<td>PARTICIPATION IS UNCOERCED</td>
<td>VOLUNTARY</td>
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<tr>
<td>PURPOSE IS TO ADVANCE COMMON GOOD</td>
<td>PRIVATE (NON-GOVERNMENTAL)</td>
</tr>
<tr>
<td>RESOURCES ARE COMMON</td>
<td>NON PROFIT DISTRIBUTING</td>
</tr>
<tr>
<td>PARTICIPATION INVOLVES MUTUALITY</td>
<td>SELF-GOVERNING</td>
</tr>
<tr>
<td>SOCIAL RELATIONS ARE FAIR</td>
<td>FORMAL</td>
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In another effort, Salamon (1992) moves closer to Lohmann's definition: there he adds the point that the purpose of a nonprofit organization must address the building of a public good. As such, he recognizes the greatest strength of Lohmann’s definition: its ability to capture the sense that a great aim of many third sector organizations is the building of something distinctive from the collective action of many, gathered in a variety of places that allow for creation and construction.

Theory building is a continuous process, and Lohmann is presently engaged in the task of revising his classic work in a second edition. Among the changes he is making are several that pertain to his definition. He has recently written me to say:

I’ve relabeled some of the five components to clarify the point further:

"Uncoerced participation by itself connotes too much liberty/negative freedom (in Isaiah Berliner’s sense). It seems consistent with your argument to emphasize also the definitive nature of the positive freedom associated with the idea of opportunities arising from participation. This is directly related to the second element, Shared Purposes which articulates with the emphasis by Hall and many others that these are mission-driven organizations. The term endowment, generalized beyond its legalistic definition of restricted assets, as I did in the discussion in the commons. Fourthly, the awkwardly expressed fourth element, derived from the Greek philia is currently best summed up by the idea of social capital. And finally, the fifth element is, I now believe, broader than fairness and can at times connote an entire indigenous moral order.”

Salamon’s principal assertions about the significance of the nonprofit sector are the following:

♦ SOCIAL AND ECONOMIC POWER: The nonprofit sector is a “major social and economic force,” with “substantial and growing employment and a significant share of the responsibility for responding to public needs” (Salamon and Anheier, 1994, 113). Its size in 22
countries examined in one study amounts to a “$1.1 trillion industry,” equivalent in size to the “world’s eighth largest economy” (Salamon, Anheier, and Associates, 1998: 4).

♦ CITIZEN ACTIVITY: This sector is, “preeminently the ‘citizen’s sector’” (Salamon and Anheier, 1994, 98). “Indeed, a veritable ‘global associational revolution’ appears to be underway, a massive upsurge of organized private, voluntary activity in literally every corner of the world” (Salamon, Anheier, and Associates, 1998: 2; Cf. Also Salamon, 1994).

♦ POLITICAL SIGNIFICANCE: “The rise of the nonprofit sector may well prove to be as significant a development of the latter twentieth century as the rise of the nation-state was of the latter nineteenth century” (Salamon, 1994: 111).

♦ STRONG STAYING POWER: “In fact…assertions about the demise of the nonprofit sector deserve the same response that American humorist Mark Twain gave to rumors about his untimely death. ‘These reports,’ remarked Twain, ‘have been greatly exaggerated’” (Salamon and Anheier, 23). Nonetheless, the “nonprofit sector remains the ‘lost continent’ on the social landscape of modern society, invisible to most policymakers, business leaders, and the press, and even to many people within the sector itself” (Salamon, Anheier, and Associates, 1998: 2).

♦ INTERDEPENDENT SECTORS: What we have learned about the three sectors (government, business, and nonprofit), Salamon’s work clearly indicates, is that their basic relationship is one of interdependence, not independence. Career paths often cross the boundaries of the sectors as individuals move from business to government to nonprofits, and then return. Patterns of grantmaking and contracts move money freely from private wages to taxes to contracts with nonprofits (what Salamon calls “third-party government”), or from corporate profits to charitable contributions, or from wages to charitable donations to tax deductions.

Countering these contentions are a number of assertions, which, interestingly enough, have been made by the same Lester Salamon. Theories, at least in their time of development, may not always be internally consistent.

♦ NONPROFIT ORGANIZATIONS ARE BECOMING INCREASINGLY “MARKETIZED.” Salamon (1995: 213) anticipates that as the nonprofit sector grows, “this growth will occur through greater integration of the voluntary sector into the market economy.” His research shows how heavily supported the nonprofit sector has become by fees and governmental contracts. In the aggregate, nonprofits in the United States receive 57% of their support from fees, and 30% of their support from governmental sources, and that both these percentages are growing (Salamon, Anheier, and associates, 1998: p. 11). Moreover, the often claimed “independence” of the nonprofit sector is rather misleading, as the role the of nonprofit sector has become “interdependent” with government, and more recently, business (Cf. Salamon and Anheier, 1997: 293). Salamon advises (1999: 177): “A sector whose mythology celebrates independence must now come to terms with the need for close working relationships with business and government to solve pressing public problems.”

♦ CITIZEN INFLUENCE IS LARGELY ABSENT FROM A LARGE PORTION OF THE NONPROFIT SECTOR. Less than one-sixth of the nonprofit sector addresses issues of broad citizen concern using structures that directly involve citizens in the governance and workings of the organization itself. Fully 82% of the sector involves health care institutions,
schools and colleges, and business organizations—few of which involve active citizen participation in their governance or widespread use of volunteers in their provision of service.

THE NONPROFIT SECTOR MAY ITSELF BE A MAJOR CONTRIBUTOR TO POLICY BIAS, INSTABILITY AND STALEMATE. When nonprofit organizations address issues of public policy, they do so from a variety of ideological and/or practical perspectives. As Salamon (1993) puts it, the relationship between the nonprofit sector and democracy “may be highly problematic.”

♦ NONPROFIT ORGANIZATIONS RECEIVE INADEQUATE AND DECLINING LEVELS OF PHILANTHROPIC SUPPORT. Salamon (1995: pp. 44-48) anticipated this decline in philanthropic support in his analysis of four dimensions of “voluntary failure” that confront modern societies: philanthropic insufficiency, philanthropic particularism, philanthropic paternalism, and philanthropic amateurism. On philanthropic insufficiency, Salamon observed that “The central failing of the voluntary system as a provider of collective goods has been its inability to generate resources on a scale that is both adequate enough and reliable enough to cope with the human service problems of an advanced industrial society.”

The German scholar Adalbert Evers and his colleague Jean Laville challenge the prevailing nonprofit sector paradigm, identifying it as neither universal nor accurate in its theoretical inclusions and exclusions. They present a competing paradigm, that of the "Social Economy", as a more universal and appropriate model for understanding the third sector in Europe. The paradigm they find misleading is essentially the one Salamon presents in his many works, including the one reviewed above. It is identified by Evers and Laville as "shaped by special national and regional traditions, both in the academic sphere and in regard to cultural and political development." Even in the U.S., they continue, though the parameters of this sector often "pretend" to be universal, they are "characterized by the specific context in which they have developed."

The American error is twofold, they note. First, it excludes "specific types" of non-business non-governmental organizations which "form an important part of the European legacy when it comes to the development of the third sector, as is the case with the important and influential international study carried out by the Johns Hopkins project. This excluded cooperatives and mutual aid societies on the grounds that they can distribute some of their profits to members. This operation, however, cannot be justified in a European context" (p. 10). This definitional error leads to the establishment of a second problem, the creation of a misleading definition of the nonprofit sector: "(T)he most popular definition of the third sector, as developed by the Johns Hopkins project, has an 'American bias' because it is based on the criterion of non-distribution that underlies the American configuration of the sector."

FROM SECTOR TO CONTINUUM: THE SEARCH FOR A COMPREHENSIVE THEORY OF THE THIRD SECTOR

The seminar began by reviewing the classic conceptual schema presented by Talcott Parsons (1966). Parsons saw society as structured around the provision of four basic functions: adaptation, goal-attainment, integration, and latent pattern-maintenance (or culture). The great

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1 This project was directed by Lester Salamon.
institutions of society—1) the economy, 2) the state, 3) the voluntary, and 4) church, home, and family—were seen to develop, respectively, around each of these four functions and their related institutions. This schema is illustrated in Figure 1, below.

Of greatest interest to the student of the third sector, Parsons observed that each institution relates to each of the others. The currency may be power, or influence, or money—but in each case the major institutional sectors of society are in active relationship with one another.

Parsons’ schema has undergirded thinking about the third sector during the entirety of the late 20th century. It has been generally accepted that we live in a three- or four-sector society, and that it is sensible to develop a set of societal “silos” for the study, credentialing and organization of intellectual and practical life around these sectors. Peter Dobkin Hall’s warning that sectors may be mere constructs of “invention” has not been heeded, and both the worlds of social science and practical affairs have proceeded with slim recognition of the problems Max Weber warned were inherent in the “reification” of concepts.

FIGURE ONE: The Four Sectors

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<th>A</th>
<th>G</th>
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<tbody>
<tr>
<td>Adaptation</td>
<td>Goal Attainment</td>
</tr>
<tr>
<td>Economy</td>
<td>Government</td>
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<table>
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<tr>
<th>I</th>
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</thead>
<tbody>
<tr>
<td>Integration</td>
<td>Latent Pattern Maintenance</td>
</tr>
<tr>
<td>Third Sector</td>
<td>Informal Sector</td>
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To be sure, a number of social theorists have observed that the third sector overlaps with the other sectors, and that the boundaries are often blurred between the sectors (Cf. the writings of Van Til, Pestoff, Evers, Billis, and Paton, among others). But it took a doctoral student, Denise Crossan, to establish in her 2007 dissertation at Northern Ireland’s University of Ulster, that the relations between the sectors may best be seen as continua rather than neighboring constituencies. Examining the world of social enterprise in Northern Ireland, Crossan establishes the many fine distinctions along the route from social organization to business enterprise. Among her remarkable findings is the discovery that many small business enterprises place social goals in comparable levels with economic goals—particularly social goals involved in supporting employment of local residents.

Crossan’s work suggests that other continua be explored within the map of social institutions, as illustrated by Table 2. Rather than being seen as a four-sector construct, society may be perceived as a set of relations between institutional forces addressing the Parsonian pattern variables. Six possible continua may be identified, as shown in Figure 2.

![Figure 2: Sectors as Continua](image)

Organizing society as a network of relationships, however, flies in the face of the obvious presence in society of the myriad of organizations identified as businesses, governmental
bodies, and voluntary/nonprofit organizations—not to mention families, churches, and other organizations of kin and consanguinity. Perhaps the continuum idea should be seen as something to be added to the sectoral model, as a kind of antithetical challenge to the thesis of sector. For, as community organizer Eamonn Deane has observed, if all one has is relationship, one may well have created only the Mafia or other paramilitary body.

Perhaps, then, a synthesis may be found in an overlay of the two models, as shown in Figure 3. In any case, the exploration of such a synthesizing model was taken by the seminar as its challenge to explore and elaborate. Each student was asked to contribute to two papers, one in “op-ed” format to present directly and effectively a few important ideas in theory and link them to third sector practice, the other a collective effort to extend the theory of the third sector as discussed in the seminar.

The remaining papers in Part One of our report address aspects of this challenge. In the papers that immediately follow, Bea Wampole leads off with an exploration of the continuum between “L” and “I”, exploring the rich soil which transforms the voluntary impulse into voluntary and nonprofit organization. Kristin Schumacher follows with important observations on the ways in which the focus of nonprofit action can ebb and flow, taking the case of AIDS organization as her empirical focus.

Jeffrey McVey and Heather Meyer follow with explorations of the relations between governmental and third sector organizational impulses in society, and Katrina Miller-Stevens and Christine Ruth Smith follow with essays that probe the dimension between business and nonprofit organizations in society. Damon Brown follows with an essay that begins with varieties of ice cream and skillfully finds its way to Iraq. And the two international students in our team, Kisoo Jang and Xingliang (Joy) Wei, conclude the first part of our report with applications of third sector theory to Korea and China, respectively.
The discussion in Part Two then proceeds to address the goal of illuminating and expanding the theory of the third sector in society.
BIBLIOGRAPHY


*Jon Van Til is Professor of Urban Studies and Community Planning at Rutgers University in Camden. He served as visiting instructor of the course, “A Paradigm Shift in Third Sector Research”, at the University of Colorado during the Summer term 2007.*
THE VOLUNTARY IMPULSE 1: THE CASE OF FAMILY VIOLENCE
Bea Wampole

“Women, like walnut trees, should be beaten every day.” ¹ While this statement from 19th Century French civil law may seem outrageous today, women continue to be abused by their intimate partners.

Responding to the needs of battered women in the U. S. began in the 1970s as a grassroots effort. “Around kitchen tables, in laundromats, in college classrooms, and at community meetings, women began to talk…about a troubling reality in their lives.” ² From these early discussions, women realized they were not alone and began to help one another by providing space in their homes for temporary shelter, food as well as emotional support to those they knew who were in abusive relationships. As more women began to speak out, the extent and severity of the violence became more widely known. Clearly, informal networks of friends, family and social groups were not equal to the task of providing safety to so many women.

By the early 1980’s, small places of shelter were established, where women in danger could go to obtain support, hope and a measure of safety. During this time, peer support provided by volunteers who had also experienced domestic violence was the norm. The need for social change and the empowerment of women in all aspects of their lives became central to the struggle for change. The criminal and civil legal systems were challenged to provide laws protecting women and their children from violence. Safety for the victims and accountability for the perpetrators formed the central themes for educating law enforcement and the legal system about domestic abuse. By the end of the decade, nonprofit battered women shelters offering temporary housing and training about the issue of domestic violence were formed.

Soon after, it became clear that in addition to the legal and law enforcement systems’ contribution to the victimization of women, the medical institutions and health care providers in general also perpetuated the problem by ignoring warnings signs and symptoms exhibited by battered women. Efforts were instituted to educate health care personnel about reporting suspected domestic violence and specifically what to look for. Often, a woman’s doctor was the only person outside the abusive relationship in a position to intervene.

Today, nonprofit battered women shelters exist throughout the United States. Through vigorous advocacy, public policy has been influenced; state and federal law modified; and media and public attention has increased. Linkages now exist between battered women’s shelters, local social services organizations, health care providers, the legal system, and law enforcement to coordinate services and provide consistency in responding to domestic violence. Serving survivors of abuse has become embedded within all sectors of society. Funding is now provided by a variety of sources including government grants, corporate donations, foundation support as well as community and individual contributions. Federal funding for services for battered women, once strictly individual and voluntary in nature, has never been higher. In fact, government-funding sources may account for more than 50% of an agency’s total annual budget.
For some, the institutionalization of providing support for those in need may be a troubling development. While ensuring continuity of services is critical, it must be stated that when major funding is provided via governmental entities and other hands-on major contributors, local control may be compromised. The temptation is great to set policy, define expectations and manage day-to-day operations. What began as individual volunteers seeking to make a difference in others’ lives and in the process change their own lives may evolve into organizations with many masters. As Clohesy suggests, “nonprofit organizations are as liable to institutional hardening and bureaucratization as any other organization . . .and . . . they can commercialize their services because they face the same economic pressures to survive as any business.”

Women’s empowerment has remained central to efforts to end domestic abuse. Any erosion of that self-efficacy, whether through governmental oversight or stringent requirements for service provision, undermines that process.

The challenge for the future is to retain the passion, dedication and fresh approaches that are part and parcel of a voluntary response. For women of color, immigrant women (both documented and undocumented), lesbian, bisexual and transgender women, and women living in poverty, insufficient resources and services are available to make a significant difference in abuse rates. Individual volunteers with a personal stake in the outcome as well as grassroots organizing continue to provide the best hope for all homes to become free of violence.

Every day women are turned away from shelters because there is no more room for them. The truth is, individual contributions to domestic violence initiatives have declined. In Colorado, for instance, “residents who check off a donation to domestic violence victims on tax forms has dropped from about $400,000 at its highest point to roughly $200,000 last year,” Trish Thibodo, Executive Director of the Colorado Coalition Against Domestic Violence said in 2005.

Domestic violence continues to haunt the lives of women and children alike. Current treatment programs for perpetrators have had little impact in changing behavior, recidivism remains at approximately 60% and the mandatory arrest laws, originally designed to protect women from harm, has become an escape vehicle for law enforcement who in some counties in Colorado routinely arrest both partners.

If the prevention of domestic violence is a cause worth taking up, support your local battered women’s shelter. Volunteer your time, speak out, support research for more effective perpetrator treatment approaches and donate money and goods your local shelter needs. Get involved! As Margaret Mead stated, “Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.”

ENDNOTES

1 Code Napoleon, 1804


Bea Wampole has a lifetime commitment to ending violence in all its forms. She has extensive experience working with the perpetrators of domestic violence and has observed remarkable transformations that continue to give her hope that violence at home can be significantly reduced. Bea is currently an MPA Candidate at the University of Colorado at Denver.
Bono, of U2 fame, speaks out against AIDS. The Gap, Motorola, Converse, and Sprint have created elaborate campaigns to raise money to fight the infection. Celebrities throughout Hollywood campaign against the disease, and countries across the globe invest billions in eradicating the virus, but in the post 9/11 era and with the rise of the several national fundraising forces such as Susan B. Komen, domestic AIDS issues and needs have fallen out of the public eye. In the United States, advances in HIV treatment and medications have resulted in those infected with HIV and AIDS living longer and leading fuller lives, reducing the swift and devastating impact of AIDS. As a result, funding for domestic AIDS service organizations has been waning for several years and, by all accounts, appears to be on an unstoppable downhill slide (Eveland, 2004).

These facts do not eliminate the reality of the impact of AIDS on the individual and on society as a whole. The stigma surrounding the disease, the life threatening complications and associated costs of healthcare and the reality of living with a terminal disease require that AIDS not be forgotten. Due to this, the care and support AIDS service organizations (ASO) provide within the US are an integral part of society and the economy, and attention must be paid to the continuous drop in fundraising for ASOs, and the impact this has on low-income individuals living with HIV/AIDS and on the nonprofit sector as a whole.

Fundraising efforts for ASOs do not exist within a vacuum referred, but rather, are strongly influenced by the other sectors within the US, including the public and for-profit sectors. These relationships are interdependent and also include what some scholars refer to as the fourth sector, the informal sector (Van_Til, 2000). This interdependence is evident and illustrated through a simple case study of a local AIDS service organization located in Denver, Colorado. Through the study and analysis of AIDS service organizational funding, as it relates to the aforementioned sectors, it may be possible to construct a predictive and generalizable fundraising model that begins to explain how each sector, collectively and individually, has an impact on ASO fundraising.

The movement to fight HIV/AIDS began with the community that experienced the brunt of the devastating impact of the disease, the gay male communities in New York and San Francisco. This movement quickly spread to metropolitan areas throughout the US including Denver, Colorado. In 1983, the Colorado AIDS Project (CAP) was established to fight this yet unnamed disease and to provide care and assistance for their community when all other resources either failed or refused to give assistance. These individuals, and those to follow, created the core for the movement providing volunteer service and monetary donations along with support and solidarity which continues yet today.

Several years after the informal sector united to fight an unnamed disease, the government eventually recognized the need for a system of services and support for those infected by what was eventually titled HIV and AIDS. As a result, funding was established through the Ryan White Care Act of 1990. Other programs soon followed such as Housing Opportunities for Persons with AIDS, a division of Housing and Urban Development. These funding sources still exist and are allocated to the state and local level providing a large portion of this ASO’s budget along with funding for the majority of ASOs across the United States.
The involvement from the public sector legitimized the grassroots effort that began with the informal sector, and thus impacted organizing and funding that had originally emerged from the fourth sector. Formal recognition from the US government, combined with the widening impact of the disease, decreased the fear and stigma surrounding HIV/AIDS. This created an opportunity for the private sector to begin offering monetary and volunteer support for those infected and affected by HIV/AIDS. This was done through collaborative marketing, cause-related marketing, event sponsorships and even simple charitable contributions (Sargeant, Foreman, & Liao, 2002; Shoham, Ruvio, Vigoda-Gadot, & Schwabsky, 2006) The legitimization and support from the private sector again impacted the fundraising efforts in other sectors, providing nonprofits with a new revenue stream lacking the federal restrictions that Ryan White and HOPWA funds were tied to. This support also increased the awareness of HIV and AIDS within the informal sector.

ASOs’ fundraising also impacts the third sector. A small degree of collaboration and unity does exist within the nonprofit sector, but in a mid-sized community with a small base of loyal donors, the ASOs within the community may work together to raise funds while also fiercely competing for the same pool of money. For example, AIDS Walk Colorado, the largest HIV/AIDS fundraiser in the Rocky Mountain Region, is produced by CAP but also benefits 30 additional ASOs in the Denver metropolitan area and throughout the state of Colorado. Many of the donors, individual and corporate, struggle to decide upon the final destination of their donation and many teams of fundraisers openly compete for these said donations. Furthermore, foundations also provide a fair share of support for ASOs within the metropolitan area, but again these funds are fiercely competed for and often have strict restrictions.

Currently, CAP and other ASOs are drastically impacted by shifts in fundraising within each of these sectors. Additionally, a change within one sector can lead to increased efforts to recruit donors within another sector. For instance, the ebb and flow of federal funding with the transition in each administration often creates unique challenges within ASOs to look to other funding sources including individual donors, foundations, or corporate support.

By using case studies of AIDS service organizations, such as the given example, one can begin to study the interdependence and relationships with other sectors. This initial inductive research can then move forward with survey research and quantitative analysis. The ultimate goal would include the creation of a predictive fundraising model that takes into consideration and encompasses each of the four sectors.

The next steps moving forward in the development of a fundraising model will be complex and intensive and must consider the impact of cross-sector interdependence on nonprofit fundraising. It is essential that this analysis works toward the development of a fundraising model that will enable practitioners to efficiently and effectively work within their organizations, which, in turn, provides vital services throughout the US. As a call to action several research questions have been developed which, once addressed, may serve as a path moving forward in this process. How does a shift within one sector impact the fundraising capabilities of an ASO? Specifically, how interdependent are the four sectors, individually and collectively, and how does this dynamic impact fundraising activities? Can it be measured and predicted?

Research such as this is imperative to the survival of struggling ASOs, and will also be useful for other human services organizations. Currently there exists a dearth of research.
within the field of nonprofit study, and within the realm of fundraising, concerning successful empirical, replicable models of fundraising regarding individual, corporate, or foundation donors (Schervish & Havens, 1997). This also includes a lapse of research on the impact of federal, state, and local funding on these fundraising mechanisms. The creation of one such model, specifically a model that considers all four sectors, can ultimately be used as a tool to explain and predict nonprofit fundraising and, in turn, enable practitioners within the field to appropriately target organizational fundraising mechanisms.

Kristin Schumacher is a second year PhD student at University of Colorado - Denver School of Public Affairs. Before embarking on the doctoral journey, Ms. Schumacher was working in Development at the Colorado AIDS Project building upon the practical and theoretical skills developed at The University of Texas at Austin Graduate School of Social Work where she obtained her MSW in 2002. Ms. Schumacher's research interests focus on the intersection of feminist theory, US public policy and the US welfare state.

References


WHO’S PLANNING YOUR COMMUNITY? A LOOK AT THE THIRD AND FOURTH SECTORS IN COMMUNITY DEVELOPMENT
Jeffrey McVey

Developer! What has made this such an ugly word as it relates to communities and local development? It is easy to imagine a money hungry villain holding secrets of the corners he has cut and back alley deals laid with city officials as he runs away in the middle of the night with profits stuffed in his pockets. Has his development left a scar of potential blight on the community for years to come? Might it be the fault of local government for not holding the developer’s proverbial feet to the fire?

Who really is to blame for this? It is easy to pose the question, is there faith in the system of planning and development to police the developing opportunist? The public can easily assume that parameters and guidelines are in place for the developer to work within, but how do they really know who is influencing whom? Some can argue that a developer is serving a purpose by providing a vital community need by constructing a necessity item such as a supermarket, apartment complex, or a shopping center. The community, not the planning staff, has to ask itself, is it in good taste? This question posed more to the point, is it in our best interest? By examining these loopholes we can start to see the need for a third entity to be involved in the decision making process.

One might view the developer as representing first sector, the for-profit, creating a need for the community at the benefit of a profit fulfilling a supply for a demand. After all, it is the developer’s vision, labor, and material which are utilized to create this need. A developer’s resources and efforts must count for something in providing for the community. Next we see the second (governmental) sector represented in the form of the planning community, city council, and or the city manager. This important sector exists to assure that the community has a voice in how, where, what, and when a significant development may be constructed. Traditionally here is where the public’s involvement has ended giving many concerned citizens, although represented via the city, no further voice or interaction with the developer and distant/arrogant city council or town manager. Out of this citizen frustration has yielded the participation of a rising third sector entity, notably since the early 1970’s, and more significantly since the 1990s.

Citizen participation is not new; however, developers and community officials, first and second sector representatives, are starting to understand the importance of getting the neighborhood community involved with the planning process. The assumption that community planning or development will be done democratically is false. Quite often the reality is that a limited number of professional city officials create and implement nearly all of the planning without input from their citizenry. This “know it all attitude” is often resented by many in the community, and, as a result, more and more community involvement via community, neighborhood, and homeowner associations have started to develop throughout this country. Realizing that the outcome of a community development may lack critical perspectives and information not fully representing the desires of residents, these third party or third sector participants engage.
Unlike participation preformed by a small “self-selected” group of residents who ignore input form others in the community, these loosely connected groups of citizens are bound by a shared commitment and often have a personal stakes in the development outcome. Like traditional associations and non profit organizations (NPO), these groups are in large part voluntary in aim and principle, often taking a position of defense. Although many of these citizenry or third party associations formalize into entities such as well known Home Owners Associations (HOA), they rarely evolve to the stage of a bureaucracy.

The number of Americans living in some sort of community association has leaped from just over 2 million in 1970 to approximately 57 million in 2006. Depending on the longevity of the development issue, formal managerial positions are not required. Often in the case of the HOA there exists a voluntary board with the occasional token president to fulfill the obligation of policing community and residential issues. What is interesting is that many small HOA(s) across the country act much like NPO(s) because they are not out to make a profit. However, like the developer, the citizenry is often focused on self-concerning outcomes. The governmental sector, by way of an effective planning department, is especially adept at uniting and identifying the shared interests of all parties. As a mediator, they facilitate the union between the HOA and other non-profits as a voluntary sector, the government, and corporate interests.

There exists a symbiotic relationship between these three sectors: Developer, Government, and Citizenry. The Developer represents the Adaptation (A) or profiting economic first sector. The planning department and city council (although elected and made up by citizens), represents the Goal Attainment (G) or governmental second sector. Our third sector scenario illustrates the Integration (I) component represented by organized non-profits. The independent citizenry falls within the forth sector, an informal sector called Latent Pattern (L). In this analysis, “I” and “L” share many characteristics and often act as a common front when it comes to development issues. Like the volunteer in the traditional third sector, the informal sector is not motivated by money. It is, though, influenced by the dedication to family and neighborhood. It does not rely on grants or gifts, but some associations require dues to cover services such as maintenance unlike NPOs. Similar to NPOs, citizenry associations cross cultural boundaries and do provide a social need through the means of volunteers. Unlike some NPOs, there is really no true cross section competition due to the varied issues unique to each citizenry association.

Depending upon whatever development issue disturbs the community, the reaction of the number of participants will vary. Not every development project will draw the same number of participants. What makes this third sector analysis unique is that it is part volunteer, part non-profit, and shares many common distinct objectives of the “I” and “L” theory.” The only competition these days is between the “A” Developer and the “G” Government, first and second sectors, competing over the bragging rights as to who brought the citizenry, “I” and “L”, component into the decision making process as if their livelihood depended on it. This has traditionally been the case with the government or second sector. Their whole reason for being is to represent the public.

Recent trends by developers across the country, such as The “Austin Plan” in the late
1980s, clearly illustrate that early public participation in the planning process assures success in large scale community development endeavors. The second sector represented by the Austin (Texas) City Planning Department helped assemble over 1000 citizens to participate in a large scale comprehensive plan known as the “Austin Plan.” Important to note was the fact that developer input was included in this concept plan. Also important to understand about collaborations such as this is that many of the citizens start to formulate committees and associations on their own prior to being contacted by the city and in some cases, developers. This is the essence of the “I” and “L” consortium because it often brings the stand alone citizen, citizen association, and traditional non-profits such as housing, social and cultural organizations together. Large, organized, planning campaigns made by the second sector and funded by the first sector garner the public support and unify the three sectors to a common goal. It is how we define the organization of public participation which defines the success of these community development projects.

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FINDING LONG-TERM SUSTAINABILITY  
Heather Meyer

“… Do not pass ‘Go.’ Do not collect $200.” I groaned inwardly as I read the dreaded Community Chest directive. This game of Monopoly suddenly looked bleak as my competitors, investing in the big name properties like Boardwalk and Marvin Gardens, diversified their regular revenues from passing ‘Go’ with the acquisition of rent incomes to supplement their pretend portfolios. I, on the other hand, had missed out on the cash cow known as ‘Go’ three times in a row. In the face of such shortfalls, it was all I could do to pay the rents as I went around, let alone invest in alternate revenue sources. Soon enough, the juggling act was over – I’d lost the game, becoming a spectator as the remaining players vied for the win.

While Monopoly is largely known as a game that illustrates the workings of a capitalistic society, as I played that night I began to see correlations between my experience and that of the struggle for sustainability in the greater non-profit community. Struggles abound in a funding climate that is repeatedly telling NPOs “Do not pass ‘Go.’ Do not collect…” With the recent closing of Loveland’s Tutor Center, and many other local non-profit organizations (NPOs) feeling the pinch of continually dwindling funding resources, this issue of sustainability hits particularly close to home.

Causes of Shortfall

- **Budget Cuts Mean the “Bank” Has Fewer Dollars to Grant**

  NPOs are known for their dependence on a variety of different grant funds, and have long been successful in obtaining government grant funds to help fund their operations. At the federal level, repeated cuts to the Community Development Block Grant (CDBG) program have resulted in significantly fewer dollars to invest in the Loveland community over the past 4 years. Larimer County’s funds for the Emergency Food and Shelter Program, another grant program available to area NPOs has also been sporadically funded, making the overall pot of government funds substantially less reliable.

  Exacerbating the impacts of across-the-board reductions in government grant programs are recent regulatory changes in the federal Medicaid program. Medicaid provides what Salamon calls “consumer side subsidies,” that is, government third-party payments for low-income patients receiving medical and/or behavioral health care services from NPOs. Many healthcare related NPOs have been affected by these changes, particularly residential treatment centers such as Turning Point Center for Youth and Family Development in Fort Collins, and the Namaqua Center in Loveland; both of which serve a vital role in redirecting the lives of our community’s troubled youth.

- **A Dwindling “Community Chest”**

  It is almost certain that most, if not all NPOs noticed donations falling short in the post 9/11 economy. The United Way of Larimer County (UWLC), which acts like a community chest for NPOs by redistributing funds through grants, was no exception to this, with campaign pledges falling flat or below those of the previous years’ in recent history.
Despite trends showing that personal giving is back on the rise, a new issue is impeding the effectiveness of these gains. This year, UWLC saw a 37.2% increase in designated, or donor advised, funds being donated, thereby creating a still smaller amount of funds for the grant program. When funds are designated, donors act like “Chance” cards, directing their dollars to go straight to a specific agency, bypassing the “Community Chest” grant process. This ability to target one’s money is appealing to many donors in an age of skepticism and distrust of administrative oversights and is a trend being felt throughout the country. However, as donor designated contributions increase in popularity, smaller, lesser known agencies, such as the Tutor Center, tend to lose out to the more familiar, “Boardwalk” agencies, such as the Boys and Girls Clubs, in both areas of UWLC grants and designations.

Ramifications

Increase in Competitive Processes

As a result of the decreased resources to go around, many grant processes have become increasingly competitive and strategic in efforts to best allocate funds. For instance, in 2005, the City of Loveland, in partnership with local citizens, determined that CDBG public service funds would only be used for housing and homeless related human services, despite federal regulations allowing other activities as eligible uses of these public dollars. Additionally, the City’s process has been continually re-evaluated to be made as objective as it can be. Finally, for the 2007 Grant Year, the City’s Human Services Commission voted to eliminate the bottom-scoring 25% of applications from the grant allocation recommendations, in order to fund agencies at levels that would best help them accomplish their projected goals rather than awarding grants with a high burden to benefit ratio.

Decreases in Level of Service

Nearly all of the NPOs feeling these effects of reduced resources have had to assess their levels of services and restructure where possible. Agencies have reported having to be more “creative” when planning their services, striving to maintain a balance between quality of care and maximum efficiency of limited time and resources. As a result of restructuring or elimination of services, wait-lists continue to grow.

The Path to Sustainability

To be sure, looking at the trends in funding for NPOs is daunting, almost seeming as if the walls could cave at any time, should one more source be cut, or worse yet, disappear completely. However, there are some promising ventures for NPOs to pursue in hopes of obtaining fiscal security.

Increased Local Investment

To counter the results of dwindling federal resources and local donations, the Human Services Commission has asked the Loveland City Council to increase the allocation for the City’s Human Services Grant Program. If the Commission is successful, the HSG program will receive a 25% increase, from $400,000 to $500,000 to grant out to local agencies. Additionally, the Loveland City Council recently pledged $850,000 to the Boys and Girls Clubs’ new facility. Our local government’s investment in the work of the local
NPO agencies makes self-sufficiency and stability more attainable for the needier citizens in Loveland, increasing the overall health and success of our community.

- **Agency Personnel**
  More and more local agencies are buying into the idea that staff dedicated solely to the fiscal development of the agency is essential to their long term viability. Such personnel tend to be well-versed in grant writing, performance measures, marketing strategies, and fundraising/events planning. These skills are especially important in times of increased competition for funds. As in buying that key piece of property in Monopoly, it is critical that agency boards recognize the cost of adding a high quality employee dedicated to the agency’s development is actually an investment in the future of the agency, eventually bringing a steady flow of cash to the organization.

- **Social Enterprise**
  Salamon describes social enterprise partnerships as “cause-related marketing,” a practice which many may already be acquainted with. In a high-profile example of “cause-related marketing,” Yoplait sends a portion of its proceeds to Susan G. Komen foundation, a leading organization for breast cancer education and awareness. Salamon cites research demonstrating, “that such arrangements bring substantial returns to the companies involved, boosting sales, enhancing company reputations, and buoying employee morale,” (2003). Another notable plus is that businesses’ donations are subsidized by tax deductions offered in exchange for charitable contributions.

  Thrift shops, and other retail endeavors, that benefit a non-profit, such as the Habitat for Humanity Home Supply Store, provide even more than revenues to the parent non-profit; opportunities to provide wages and job skills to their clientele are also found in these non-profit side ventures.

**Let’s Start Talking**

In effort to provide technical assistance to the agencies in our communities, the City of Loveland Human Services Office is offering a workshop on the issues of public-private partnerships, organizational viability and Loveland’s economic sustainability. Members of the non-profit community, local business owners, and interested citizens are invited to attend this free workshop as we explore these vital issues centering on the overall health and well-being of all Lovelanders.

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ENDNOTES

1 http://www.reporterherald.com/region-story.asp?ID=10702 – Story in the Reporter Herald about the Tutor Center closing. The Tutor Center representative in the story alludes the organization not receiving HSG funding as the reason behind the closing; however the grant request from the Tutor Center was roughly 25% of their agency budget.
This trend began in 2005 as the President proposed to merge CDBG, along with 17 other programs, into a new program with a much smaller budget. Congress opposed this proposal and CDBG still exists; however, funding for CDBG has been decreasing each year. Reports indicate that FY 2008 holds more cuts for CDBG’s future.

EFSP allocations have not been consistent in the past 5 years. Part of this is due to Fort Collins’ decreasing amount of funds they are contributing to that pot as a result of their declining sales tax revenues.


http://www.reporterherald.com/region-story.asp?ID=10838 – Story in the Reporter-Herald about the UWLC allocations. Boys and Girls Clubs was not a “high scorer” in the grants category, but swept the community chest in donor designated funds. This is largely due to BGC being a local chapter of a national organization with whom most people are familiarized.

City of Loveland; Consolidated Plan 2005-2010.
http://www.ci.loveland.co.us/humanservices/cdbg/CP%20MASTER.pdf

While some funders might try to make sure everyone gets a “piece of the pie,” reporting requirements are not proportionate to the amounts allocated. Thus, while a $1,000 grant might be a nice, inclusionary gesture of support, the cost to administer the grant and adhere to regulations might outweigh any intended benefit.

In the arena of non-profit healthcare, mental health services, and life skills acquisition programs, the funding climate has created a shift from acute, inpatient to brief, outpatient and from one on one counseling services to groups and classes, respectively.
Act 1. The Opening Scene

Act 1. Part 1. Narrator Introduces the Problem: With the release of Michael Moore’s film *Sicko* on June 22, 2007, American citizens began to open their eyes to the corrupt health care system in America. Moore’s film advocates for a universal health-care system while depicting individuals whose private health insurance companies have denied paying for specific procedures, often resulting in the patient’s death or prolonged suffering. Moore’s primary accusation is that the American health-care system is a sick joke and has been for a very long time.¹

When asked why the filmmaker chose his targeted illustration of the health care system, Moore stated that he doesn’t “think the country needs a movie that tells you that HMOs and the pharmaceutical companies suck. Everybody knows that. [He’d] like to show you some things you don't know”.² Contrary to Moore’s beliefs, this screenplay argues that many Americans are unaware of the influences that pharmaceutical companies have on physician care. Furthermore, this screenplay argues that physicians are influenced by the control they have over their salaries due to a fee for service method that is prevalent in nonprofit research hospitals nationwide.

Due to the prevalent influence of business practices on the nonprofit health care sector, it is crucial that Americans keep one eye open to the direction that these hospitals are heading. In particular, it is imperative that all Americans are aware of the negative impacts pharmaceutical companies and fee for service methods are having on physician care and nonprofit research hospitals across the United States, and ultimately the negative impacts that have surfaced from the overlap between the private and nonprofit sectors.

Similar to Moore’s films, this story will be delivered in screenplay format, one that is told from a personal perspective aimed at pulling the heartstrings, and provoking thought. It is important to realize that, much like the formula of Moore’s films, physicians working in research hospitals are victims of a formula for success that they cannot refuse. While this enticing formula (that of maximizing profits) benefits the physician, the exemplary service patients should be receiving may be at risk.

Act 1. Part 2. Character Introduction: Meet Sue. Sue is working overtime to finish the 2007 fiscal year budget of a nonprofit diabetes research hospital in Mountaintown, USA. In her capacity, she witnesses the impacts that pharmaceutical companies and the fee for service method have had on the physicians within her department. Her role in the hospital is one of high authority and weight, yet without an M.D. behind her name she is simply considered a peon. This is her story.

Act 1. Part 3. Introduce the Setting: A nonprofit university-affiliated diabetes research hospital. While acknowledged by the IRS as a nonprofit organization, this nonprofit research hospital has adopted a number of businesslike practices of the private sector in order to
maximize profits. To reach the goal of maximizing profits, this hospital has adopted a two-pronged approach. First, the hospital embraces a fee for service method of billing patients in which physicians are paid for their services on a per-patient basis. Second, the hospital eagerly seeks out funding from pharmaceutical companies promoting clinical trials experimenting in new diabetes drugs.

**Act 2. Critical Events**

**Act 2. Part 1. Escalating the Crisis:** With the knowledge that physicians at the diabetes hospital tout themselves as being proud to work for a nonprofit research hospital, our observer Sue begins to question the true motivation behind the physicians’ incorporation of business practices into the nonprofit hospital setting. She questions the motivations of the physicians. She ponders, “Which is more important - the quality of care provided, or augmenting the number of patients seen in order to increase the hospital’s bottom line, thus increasing physicians’ bonuses”? In addition, Sue wonders, “Does a physician’s reliance on pharmaceutical funding impact how that physician diagnoses his or her patient? And ultimately, is the adoption of businesslike practices from the private sector changing the physician’s overall approach to patient care in the nonprofit sector?”

**Act 2. Part 2. The Crisis, a.k.a. The “Facts”**

**Incorporating Businesslike Practices:** Research trends of the nonprofit sector indicate that nonprofit organizations are leaning more towards a businesslike structure. In the health care industry, nonprofit hospitals are exhibiting business and for-profit characteristics while joining in the competition of their for-profit competitors. In particular, the following two characteristics are becoming widespread in nonprofit research hospitals across the country.

**Fee for Service:** Physicians in the nonprofit sector are increasingly dependent on revenues from a fee for service method to supplement their personal incomes. With a fee for service method, the more patients seen by the physician, the more fees incurred by the patient thus resulting in higher revenues for the hospital. This method has replaced the traditional fixed salary, and has given physicians significant control over their personal incomes and year-end bonuses by allowing them to control the amount of income each physician generates. Due to the emphasis on billing per patient, doctors are seduced by the invitation to increase their patient visits in order to profit from the fees that will be charged for their services.

Sue witnesses this seduction firsthand, and has often questioned the true motivations of the physicians at the nonprofit diabetes research hospital where she works. The number of patient visits and tests ordered per doctor are carefully monitored, and are reported to physicians each month with a projected estimate of the individual physician’s year-end bonus. The patient numbers are clearly tracked for the purposes of maximizing each physician’s salary and bonus.

This focus on numbers and bonuses reflects a mindset that is often found in the private sector, that of profits. Within that mindset, quality of patient care may be overlooked, while the endeavor for high profits prevails. At the nonprofit diabetes hospital, Sue often overhears physicians complaining that their salaries are much lower than the salaries of physicians.
working in private hospitals. She concludes that these statements must be the physicians’ justifications for their large bonuses at the end of each fiscal year.

Pharmaceutical Funding: A second businesslike practice that is impacting the quality of physician care in nonprofit research hospitals is the increased reliance on pharmaceutical funding. According to a 1996 study, research spending in hospital settings has increased by over 100% in the last twenty years. Pharmaceutical companies are working with physicians on clinical trials testing new drugs on patients. By collaborating with pharmaceutical companies, nonprofit research hospitals are receiving millions of dollars of funding for supplies, staff salaries, and general expenses, including the padding of physicians’ salaries.

From what Sue witnesses in her position at the nonprofit diabetes hospital, only a portion of pharmaceutical research funding is truly used for the clinical trial. The other portion is used to raise physicians’ salaries and to pay for frivolous expenses such as unrelated luncheons and travel. Surprisingly, the majority of pharmaceutical companies do not require itemized budgets or expense reports from the grantee. This practice allows research physicians to spend the funding without accountability towards the clinical trial, the pharmaceutical company, or the patient’s needs.

The notion that only a portion of pharmaceutical funding is used for the actual clinical trial leads Sue to question whether the physicians in her hospital are truly committed to helping the patient, or whether their true motivation is to use pharmaceutical companies’ funding to cushion hospital budgets. Furthermore, Sue wonders, “Is it possible that physicians are changing their medical practices and procedures so that pharmaceutical companies will choose to fund them”?

Act 2. Part 3. The Climax: In an article addressing the privatization of health care, Schlesinger, et. al., (1987) state that nonprofit hospitals are shifting their institutional focus away from the concern for the public, or community-wide benefits, and instead are increasing their concern for the bottom line. This trend is evident in nonprofit research hospitals utilizing the fee for service method or hospitals that pad their budgets with pharmaceutical funding. Physicians are succumbing to the seduction of profits, and in turn patient care is suffering. The more patient visits a physician fits in to his or her schedule, the less time the physician has to spend with each patient. The more focus a physician has on bringing in pharmaceutical funding, the less focus this physician will have on considering the needs of the patients.

While this screenplay targets the impacts of businesslike practices on physician care, the discussion ultimately leads to the broader scope of the private sector overlapping with the nonprofit sector within the health industry. As Jon Van Til (2000, p.121) asked in his book Growing Civil Society, “will the impact be noticeable in any important way”? Critics will argue that the use of businesslike practices in nonprofit hospitals will only benefit the hospitals by providing funding to increase salaries, market more actively, or perhaps upgrade equipment. While this is certainly beneficial to the hospital, the value of exemplary patient care must be weighed against these material benefits.
Act 2. Part 4: Self Discovery: After four years of working for the nonprofit diabetes hospital, Sue realizes that the physician’s drive to increase his or her bonus each year is not going to change. The physicians at her hospital are now in the medical business for profits, and profits are the priority. Sue thinks to herself, “One can only hope that, in the spirit of nonprofit organizations, concern for the public and the concept of community giving has not been forgotten by the majority of physicians working in nonprofit research hospitals across the country”.

Act 3. Resolution: The Narrator’s Conclusions

Perhaps Michael Moore should add an addendum to *Sicko* in which he addresses the impacts of pharmaceutical companies and fee for service methods on the nonprofit health care system. To assume that most Americans are aware of these issues is a naïve mistake. But then again, an addendum doesn’t fit into the formula of a Michael Moore film.

THE END

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ENDNOTES

2 This quote was posted on Michael Moore’s newsletter and blog, and has been cited on many websites. See [http://www.michaelmoore.com/words/message/index.php?messageDate=2006-07-07](http://www.michaelmoore.com/words/message/index.php?messageDate=2006-07-07)

3 For further research: The government sector greatly influences nonprofit research hospitals through grant funding. This funding increases and decreases with the changing administrations, and the emphasis or de-emphasis of social issues. How does this sector influence physicians’ care for patients?

4 The word Facts is in quotes due to the nature in which the facts are revealed. Much like Moore’s movies, the facts are presented from a personal bias based on true stories of individual characters. Moore claims that all of his facts are true, see [http://www3.whdh.com:80/news/articles/movies/BO57044/](http://www3.whdh.com:80/news/articles/movies/BO57044/)

5 Salamon, L. (2003). *The Resilient Sector: The State of Nonprofit America*. Washington, D.C.: Brookings Institution Press. This trend is discussed in a number of publications. This op-ed addresses a miniscule slice of the pie of research on the overlap of the nonprofit and private sectors within the health industry. This piece of work solely addresses the physician’s role in this overlap.

6 This conclusion has been, in part, made from the Terris and Cockburn & Henderson articles noted below.


8 For further research: What are the ethical issues behind physicians increasing patient visits and tests in order to increase the fees that patients will pay, thus increasing the revenues that the physicians bring to the hospital – and ultimately their salaries and bonuses?
In an article titled *The Not for Profit Hospital as a Physician's Cooperative*, Pauly and Redisch refer to physicians in terms of emerging as a traditional income maximizing economic agent who is eager in his or her role to maximize the net income per member of the physician staff. The authors suggest that physicians take this role as one of power with each physician enjoying the control that can be had over their income.  


Of course, these are my personal opinions based on my experiences – but are also, in my opinion, backed by the research that I have read.

I drive into work listening to the news. I have recently subscribed to a satellite radio provider with over 200 channels. However, I only listen to three of them.

I have a weakness for ice cream. The Baskin Robbins story claims that it began with two people who offered 31 flavors (one for every day of the month). The company now boasts more than 1,000 ice cream recipes. But over the past 11 years, I have only ordered two of the flavors, Pralines and Cream and Mint Chocolate Chip.

Can you believe it? With so many choices, I use 1.5 percent of the total satellite feed and have only ever tried .2 percent of the wide variety of ice cream choices available to me. You might share similar traits.

And thus I ponder…”how does one measure success?” I am actually quite content with bouncing between CNN, Headline News and Fox News. I am satisfied. The company is likely contented as well even though I represent a very small percentage of its consumer base (one of almost 8 million customers).

Two flavors of ice cream are all that I need for a blissful summer respite and I am never the least bit tempted to stray to any of the 1,000+ of the other Baskin Robbins recipes. I’m certain that the company is also quite happy that I continue to frequent their establishment as often as I do.

But the math itself continues to puzzle me, as does our measurement for success in Iraq. I continue to hear many who call for the immediate pull-out of our soldiers in that region. They use casualties and cost as their measurement for the lack of success. I am a soldier, I get that message. One life lost is too many if the cause is not an honorable one. Freedom is an honorable cause. We are each left to measure its value.

But what is the real measurement that should be used to determine success or failure? How do we calculate whether or not we are successful in the creation and sustainment of freedom? The rubric changes even more when it is remembered that the region has been a part of Assyrian and Babylonian conquests for over two millennia.
I suggest that there are standards for success that have been developed over decades of sociological study. Theorists have been throwing models like Talcott Parsons onto a wall for over three decades just to see if the models still stick. And they continue to provide frameworks that allow us to measure and compare. His study has resulted in four areas that each member of a society must come to terms with:

- Status of the economy
- Status of the government
- Status of the nonprofit or volunteer sector
- Status of the informal sector

Parsons used these four pattern variables as a model by which society could be observed. It is particularly useful in analyzing very complex interrelated functional subsystems. Can you think of any situation more complex that the current environment in the Persian Gulf? If we are to quantify any success in Iraq we must measure areas that allow for a contextual analysis.

What follows are some measurements in a few of these areas.

Relating to successes in the nonprofit or volunteer sectors USAID (U.S. Agency for International Development) in Iraq has:

- Rehabilitated nearly 3,000 schools since 2003
- Provided 8.6 million dollars to purchase 12 million new textbooks
- Trained over 90,000 teachers and administrators
- Brought together five American and 10 Iraqi universities to help reestablish academic excellence in Iraq’s higher education system.
- Equipped 23 specialist libraries, 23 computer labs, 20 specialist science labs, and 17 auditoriums, benefiting approximately 50,000 university students.
- More than 1,500 Iraqi faculty and students have participated in workshops, trainings, conferences, and courses.

Those who would give up essential liberty to purchase a little temporary safety deserve neither liberty nor safety.
--Ben Franklin

Here are some more interesting facts. Of the 40 cabinet level positions within the interim government, only five remain to be filled. That makes 87.5% of the positions. It should be noted that three of those top government spots are now filled by women. I like those statistics and measures of success, especially considering that each individual who accepts a high level government post in Iraq becomes an immediate target by radicals who see freedom and their role as an affront to Islam.

Another interesting gauge supported by Parsons’ work is the number of nonprofit or volunteer organizations who seek to support the citizens of Iraq. There is a non-governmental coalition called “Interaction” composed of over 160 member organizations who all serve in Iraq. There are bound to be many more, but as we see often in the third sector, there is little
or no regulation or accountability for a comprehensive view into the third sector which results in poor overall accountability.

Parsons has given us a valuable framework to define success indicators in societal endeavors. While measuring our lack of success the way we do, using cost and lives lost, what price can we really put on liberty and freedom? A radical Islamic state will take many of those freedoms away from the Iraqi people and will subsequently seek to destroy our own freedoms.

Freedom is not free…it has always come at a price. But to measure it can be elusive, especially if the math seems so imponderable. The work of Parsons and other sociologists can help us determine whether the work in the desert is producing results. We simply need to listen, think, and measure again.

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ENDNOTES

1 Translation courtesy of http://www.worldlingo.com/; Martin Luther King, speech given in Montgomery Alabama, December 2 1959

ii 1,000+ recipes is based on Baskin Robins history located at www.baskinrobins .com

iii XM radio 2006 annual report


v USAID TOP STRATEGIC ACCOMPLISHMENTS IN IRAQ, December, 2006


vii interaction.org/files.cgi/5816_AnnualReport2006B.pdf
I wonder in how many countries a military service scandal has become a critical factor in the defeat of a President. In Korea, a strong and promising Presidential candidate was damaged by a military service scandal in 2002 when it became known that his two sons were exempted from military service despite their healthy physical condition. In addition, politicians, high class people, and some celebrities like big entertainers and sports players have also been entangled in the military service scandal.

Universal military service was adopted in South Korea during the Korean War. It plays important role in keeping 680,000 soldiers within Korea’s military in order to protect the country from external threat, especially North Korea. According to military service law, all Korean males who meet the standards of military service should serve. The terms vary by military force: 24 months in the Army, 26 months in the Navy, and 28 months in the Air force. An alternative for males who do not meet standards of military service, but are still physically robust is to serve in a local government, or public enterprise and institution like an employee. Korean women can also serve in the military voluntarily. So, a few of women choose military service as their profession, and more women tend to be interested in it at the present.

This compulsory military service system has affected the thinking of Koreans. It is based on equity. This social environment brings about an equity problem in military service because most Koreans are disappointed by the military service scandals involving high class people.

There are conscientious objectors in Korea, although not as many as in other countries adopting conscription. But the policy about the conscientious objectors is different from other countries. Conscientious objectors in Korea go to jail as criminals, breaking Military Service Law, while they can choose a civilian service instead of the military service in other countries. According to the statistics, there were 4,243 people who refused the military service with reason of religion since 1991, and 3,736 people among them were convicted of mutiny. 400 people in an average year refuse military service and 1,600 people convicted of mutiny are currently in prison over the country.

The Military Defense Renovation 2020 that Korea is now pursuing is one factor that requires change in the universal military service. This plan aims to change Korea’s military to a high quality military force, rather than expanding it in quantity. According to this plan, the number of soldiers will be decreased to 500,000 from the present 681,000.

A major factor to be considered before any changes can be considered to compulsory service is our security environment. With less military tension between North and South Korea universal military service term may be reduced. This will also allow for alternatives to military service.

Considering a few factors mentioned above, creating alternative for military service is necessary to fulfill the requirement of change in the military service. One possible alternative
involves developing civilian service within nonprofit organizations. Other countries already employ the civilian service as alternative of the military service.

Germany provides a useful example since it was divided into two countries, as was Korea, during The Cold War. Looking at the present conscription policy within Germany, male citizens who refuse military service can perform alternative civilian service or 100 hours each year for six years within a civil protection organization. The main civilian service that they engaged in may involve a kindergarten, hospital, rehabilitation center or assisted living facility for elderly. Nowadays twice as many German draftees serve alternative instead of the military service. As considering the presence of German conscription, the role of the nonprofit organization in Korea is expected to extend as providing a variety of civilian service to draftees.

Now we need to look at the status of Korean nonprofit organization. Non-profit organizations have developed at a 22% growth rate in annual average from 1970 to 1997. As of 1995, the number of nonprofit organizations is 11,487 and these organizations employed about 780,000 workers, and it takes account of 5.6 % of the Korea work force. The number of unpaid workers among them is about 80,000. These organizations produced 2.96% in GNP, and 6.9% in the production of service industry. According to the figures, nonprofit organizations have been growing rapidly, and take on the substantial role in economic activity. Therefore, they have sufficient capacity to provide enough civilian service to potential draftees who refuse the military service. In addition, this alternative can supply nonprofit organizations with considerable number of volunteers which takes account of only 10.2% in the workforce.

What is the desirable role for civilian service in the military service? We may find an answer from AmeriCorps in U.S. AmeriCorps is national service in which adult Americans (over 17 years of age) participate in variety of community service activities, and receive living stipends and post-service educational awards in return for this service. It has at largely three separate programs. The first is called AmeriCorps State and National consisting of a variety of state and local programs. This is the largest of the three AmeriCorps program run by nonprofit organizations, local and state governments, and higher education institutions. The second is a full-time residential program of service called AmeriCorps National Civilian Conservation Corps, which focuses on environmental issues and disaster relief. The third is a long-established anti-poverty program called AmeriCorps VISTA (Volunteers in Service to America). This program concerns low-income communities including education, health and nutrition, housing and homelessness, community and economic development, public safety, and the environment.

There is a barrier in applying AmeriCorps in Korea because AmeriCorps is nationwide civilian program requiring huge budget. AmeriCorps gives a participant $4,000 ~ $8,000 per year based on the programs. A male doing the military service in Korea is paid about $1,000 per year. Paying on the AmeriCorps scale would involve a large fiscal burden to the Korea government.

Besides the compensation dimension, the AmeriCorps alternative might provide several positive effects in Korea.
• It would renew the ethic of civic responsibility in Korea.
• It would generate public service to help meet human educational, environmental, and public safety needs, particularly those needs relating to poverty.
• It would improve the life chances of the young through job skills.
• It builds on the existing governmental and civilian programs and agencies to expand full-time and part-time service opportunities for all citizens, particularly youth.

Besides these effects, the other advantages can be seen from a Gallup survey of participants in AmeriCorps. According to the survey results, “participants experience their ability to create a sense of teaming and morale among their participants. They represented a strong sense of commitment to AmeriCorps goals and process, and demonstrated an enthusiastic level of support for the program and its activities.”

Considering the average Korean male’s dissatisfaction with military service, this civilian service might provide a good alternative to bring satisfaction to young Korea males, while contributing as well to the quality of social welfare. In addition, it might also attract many young Korean females to join voluntarily.

Korea is likely to face the request for change of universal military service in the years ahead. This request will flow from complaints mounted by class inequities, and the demands of conscientious objectors. In addition, the Military Defense Renovation 2020 plan and relieved military tension against North Korea will reduce the need for a large number of armed forces. These factors lead to the employment of civilian service as alternative for the military service. If this environment is formulated, a civilian service program such as AmeriCorps will be adopted. A civilian service program can generate positive effects including improvement of public welfare, participant’s satisfaction, and chance of future employment for participants. In this process, nonprofit organizations’ influence and role will expand in delivering public service to a citizen.

Lastly, such a program may also be expected to increase the level of volunteerism in Korea, as a new spirit of alternative service emerges.

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As an international student about to finish an MPA program in the U.S., I was so picky in choosing my final course. It should be different, fresh or at least meaningful to me, with the other role as a government employee in a big bureaucracy. The time when the title of a graduate seminar jumped into my eyes, “a paradigm shift in third sector research”, frankly, I had no idea of what third sector was, even though I knew each word of it. So, mighty “Google” came and some good words such as non-profit, self-governing, voluntary and public benefits appeared. The moment I clicked the “enroll” button, I got a strong feeling that I would get something that I am always looking for.

Blind Spot in my Mind

The further I thought of the AGIL Patterns (Adaptation, Goal Attainment, Integration and Latent Pattern) during the discussion in the class, the more desperate I became. I cannot even figure out the existence of “third sector” in current China. It is so weird and impossible. Cooperation and solidarity are so typical in collectivism, rooted so deeply in our culture. Why I cannot figure out at least one organization in my mind to fit right into it. Only twenty years ago, when the capitalism was still far far away, nothing in my eyes was for profit. But now everything seems to me is for-profit or heading for the profit. The former safety net that the socialism was once so proud of, free education and free health care was gone with the influx of capitalist economy. Everyone has become aware that free lunch is not provided any more. Gone was our friendly neighborhood in my sweet memory that when I was a kid everything was for share.

Currently, the first sector goal attainment or government is so powerful and big that it can still play its father role well no matter what happened outside. The second sector adaptation or economy is the key tune in China. But at the lower part of this matrix where the third sector integration is supposed to be, something is missing or disappearing in such a way that we all think they are there but actually they are not. One month ago, an article A Museum Boom in the economist talked about “museum fever” in China. “In 1977, a year after Chairman Mao’s death, there were only 300-odd museums” in China, “by the turn of the century there were more than 2,000 of them. By 2015, officials estimate, they will be around 3,000”. Surely, opening museum is good for all local citizens, especially for kids. But the reality is that “Local governments are often unwilling to subsidize running costs, forcing museums to rely on ticket sales. Prices are often too high for many ordinary townspeople.” Sadly, governments or some individuals who invested huge sums on those exotic buildings look for long-term profits as well. So, where is the third sector in China? I cannot keep calm when I listen to the heated discussion of what my American classmates are doing in their non-profit organizations right now.

“Try to think creatively and hopefully, our society is not as dim as you predicted”, I told myself. Such kind of voluntary organizations got to hide somewhere. In the definition of the third sector, Christopher Gunn pointed out (2004, p1):

Neither capitalist nor public, the third sector is the third element in the mixed economy of the United States. It consists largely of private organizations that act in the economic arena but that exist to provide specific goods and services to their members or
constituents. These organizations act neither to enrich “owners” nor to provide high income to top executives. Some are used to protect entrenched interests, and others are used to do social good.

So, what about the outdoor club in which I’ve maintain the membership for years? What about the group of people in my hometown who are so enthusiastic about saving stray cats and dogs? What about the Red Cross to which I donate a small amount of money and used clothes every year? Yes, my mind is suddenly opening up. There are definitely some kind of non-profit organizations that “exist to provide specific goods and services” around me. Yes, they are few, and I can think more. Yes, they are small but they do exist. The reasons why I neglected them at first are partly because I am too attracted to the primacy of the markets and governments, or partly because those organizations are too small that they did not arouse enough attention they that they deserved, or partly because I am so cold-hearted and indifferent to the community as I enjoy my life as a government official and pay less attention to the vulnerable groups around me. Luckily, I found them.

The Needs for a Third Sector in China

Statistically, in 1945, there were only 40,000 organizations in the third sector in the U.S., however, in 2007, the data turned out to be 1,500,000, expanding 40 times during 60 years. Obviously, it is the fastest growing sector in the U.S. economy. As Brian O’ Connell pointed out (2007, p18) “In very recent years, our organizations and institutions have achieved extraordinary progress in almost every area of human need……and if they do not suit our passion, it’s still a wonderful part of America that we can go out and start our own”

So, with the economy booming and social transformation occurring in China, organizations in the non-profit or independent sector should undoubtedly expand and have significant impact in our society as well. There is no reason to lay them aside. People have to get involved in their community to make life better or to find some place to state their independent thoughts and share interests. Theoretically, market failure and governmental failure are always there. Admittedly, family in China is not as stable and accountable as it used to be. A bridge should be built to link or fix the gaps between the first, the second and the informal sectors. Besides, based on the big government situation in China, the growth of the third sector can be a balancing force to supervise the government that always acts without adequate supervision. All of these provide the rationality of the development of the third sector in China.

The Future of Third Sector in China

These days, the whole world is amazed at the speed of developmental in China. Our GDP is ranked the third biggest in the world, only behind two developed countries: the U.S. and Japan. People seek for money and opportunities whenever they find something that might be lucrative. The faith is fading and so is the basic trust in the society. People felt ridiculous when hearing someone talking about “idealism” or “ideology”, they wanted something real and tangible. These all lead to the further degeneration in the society: separation, indifference and self-interest. Altruism is like the old poster that is still hanging on the wall but losing its color and glory day by day. It is a time for us to calm down to think more about what we can do for the society not just from the society.
In fostering third sector in China, rebuilding trust is the first prerequisite. The policy of “let some people get rich first” made some people get rich overnight and became the first generation that began to accumulate wealth quickly since they got their first bucket of gold earlier. But the feedback from them into our society is much less than the government predicted. Without basic trust, belief or reflection, some rich people would rather gamble, waste money or transfer their money to another country. So, the top priority today is to re-establish the credits that some people don’t even care. People should learn to build and protect their credits in order to keep the whole society running in a harmonious circle. Once we see the hope and love around us, we will feedback the society sooner or later.

Accordingly, related regulations and guidance should be set up. Without rules, nothing can be accomplished. In the definition of “nonprofit sector”, Salamon pointed out “organization that are eligible for exemption from federal income taxation under Section 501(c) (3) of the tax code, plus the closely related “social welfare organization” eligible for exemption under Sector 501 (c) (4) of this code.” (2003, p7) Thus, in the other side, we can notice that the third sector in the U.S. is under standard regulations and is supervised by law. But here in China, the third sector is just at the beginning and government is still hesitant to foster it. Therefore, regulations such as fundraising and spending, internal control and transparency should be set up first, to make organizations operate smoothly. Then, gradually, enacting laws of the third sector must be put into an agenda.

Finally, diverse ways and new technologies can be tried in the establishment of the third sector in China. From the internet, websites or personal blogs, people can share information, exchange ideas and thoughts and get together beyond the limitation of time and location. Thus, people who really care about people, the environment or society can get involved in some activities more with ease. Also, non-profit Organizations can build their credits through the transparent and democratic columns in their websites.

Undoubtedly, third sector holds an extremely important role in the growth of China’s social transition and transformation in the 21st century. Perhaps, our current understanding of it is still insufficient, but regardless, the sector is budding and it will grow up.
PART TWO: BUILDING THEORY ALONG THE CONTINUA

During this part of the seminar, we focused on the theoretical mapping of the continua suggested in Figure 3. It is important to note that these discussions regarding the continua were of an exploratory nature, and suggest that there is plenty of opportunity to conduct further research to either support or reject our initial determinations.

Out of the discussions that were had, several graphic representations arose, courtesy of Jeffrey McVey and Bea Wampole. The contributions of Mr. McVey came about as a result of our discussions centering on a holistic focus of all the continua suggested in Figure 3. Ms. Wampole’s contribution was targeted specifically at the $I \leftrightarrow L$ continuum, exploring the scale of evolution that occurs as a shift is made from grassroots, voluntary action toward more formal, professionalized non-profit organizations.

Holistic Theoretical Approaches

Our general consensus was that it is important to look at all of the continua within Parson’s four sectors, as illustrated in Figure 3, because they are all interdependent. But, just how should this holistic approach best mapped?

Triangle Model – Figure 4

As we looked at Figure 3, we saw the shapings of several different pyramids. We took an economical-historical approach to mapping this pyramid; placing the L sector (community, family, individuals) at the bottom, the A sector (economy, market adaptations) above it, with the G and I (government and non-profit, respectively) sectors at the top.
The L sector is the foundation of our pyramid because, based on this particular model, it is the greatest common denominator; from the informal sector do our communities and all other institutions develop. The next tier encompasses the market (A sector). However, because of market failure, the government (G sector) plays a crucial role in regulating societal dynamics and distribution of goods across the sectors. Salamon indicates that in addition to market failure, society has faced government/policy failures (in the G sector) as well as family failures (in the L sector). To address these failures, the non-profit sector (I) arose, eventually establishing itself as an additional answer to the “market failures” of our society, adjacent to the G sector at the top of our pyramid.

This model effectively illustrates a theory regarding the historical development of the 4 sectors within the US. This model is particularly effective if presented as a three-dimensional model with the afore-mentioned market and government failures depicted as intersecting planes. The limitations of the model include a lack of interactive demonstrations between the sectors, as well as broad generalizations that may not prove to be “one size fits all.”

*Network Theory/Systems Theory Approach to the Sectors – Figure 5*

A brief discussion was had regarding the applicability of Network, or Systems, Theory to the 4 sectors. A Network/Systems Theory approach would surely demonstrate the interdependence of the sectors and how when one sector shifts, the whole dynamic of all the sectors shifts as well. In the graphic representation of this model, every area in which the networks overlap is a possible area that 3rd sector influence, either in volunteerism or the presence of organized institutions, can be seen.
This model came out of an observatory comment made while discussing organizational differences in the for-profit sector, particularly related to the Jim Collins book(s) Good to Great. The comment was that many non-profit leaders have the ‘heart’ (vision, mission, passion to serve) but not the ‘head’ (administrative talent, business savvy) that their organizations need to be successful. From there on developed a model of the 3rd Sector as a body, with the heart being the needs, mission, and social element, the head being the professional, administrative leadership, and hands being the work of the volunteers associated with the organization.

Further discussion evoked some research into the 4-H organization, and what the H’s in that agency stood for. We were able to ascertain that the 4 H’s are: Heart, Head, Hands, and Health. Adopting these elements for our developing model, we noted that ‘health’ could be the balance of the other 3 H’s already named. It could also be the holistic effects of outside forces such as government and/or the economy. Nonetheless, in this model, as with the others, interdependence and balance between the sectors are crucial for success.
While this model was not developed by the students, it was discussed significantly as it pertains to the continua in the proposed synthesis of Figure 3. The tectonic forces are the deep, underground happenings in the economic and cultural arenas. Dr. Van Til identifies the tectonic forces as Marxist forces, saying that they tend to shape the next levels in this model. The surface/organizational forces are the tangible, visible forces in society such as institutions. Finally, the meteorological forces are the values and attitudes that prevail in a particular area, creating different ideological climates across countries.

Tricycle Model – Figure 8
The tricycle model was a particularly fun model that developed out of our discussions. Of note, again we see a need for balance in the A, G, and I sectors. Using this model, if a tire imbalance (market/government/philanthropic failure, overemphasis on one of the three ‘wheels,’ etc.) were to occur, drivability of the tricycle becomes impaired, either lurching to a stop or pulling substantially off the path upon which it is driving. Another common theme of cultural/community influence was seen as we observed that the latent culture is the driving and steering force in this model – similar to the determinations made in the Van Til and the Triangle models.

Narrowing the Focus: Exploring the I ↔ L Continuum

Mapping Voluntary Action – Figure 9

As previously mentioned, Ms. Wampole began mapping voluntary action from the individual level through that of a formalized non-profit organization. While the ‘L’ end of the continuum included both groups and individuals, it is important to note that the far ‘L’
end focuses on individuals, as individuals are the beginning of groups and cultures. As we venture closer to the ‘I’ end of the continuum, we begin to see aggregations of volunteers, organizing to the point of formally recognized agencies and/or initiatives.

After Ms. Wampole presented the map to the class, we discussed it at length, offering up additional items to include on the map. For instance, because Salamon and other researchers in the field\(^2\) have included financial contributions in the realm of participation, we thought that adding a dimension varying from individual donations, to church contributions, to full fledged non-profit foundations such as the United Way and/or the Anschutz Foundation would provide a more inclusive representation of voluntary action. Additionally, this new element of voluntary action seems to incorporate the notion of interaction of the continua from Figure 3. For instance, individual contributions would seem to be indicative of an A\(\leftrightarrow\)L continuum intersecting with the I\(\leftrightarrow\)L continuum; whereas the financial contributions to and/or from a foundation would be indicative of the AI continuum interacting with that of the I\(\leftrightarrow\)L continuum.

Other suggestions included the addition of irregular volunteers, that is those who do not volunteer on a habitual basis, as well as coalitions, within the category of “Loose Affiliations,” adding “defining traits” to the categories already identified, and descriptors for the continuum. Suggested descriptors included the following:

\[
\begin{array}{ccc}
I & \leftrightarrow & L \\
\text{Structured} & \leftrightarrow & \text{Ephemeral} \\
\text{Formal} & \leftrightarrow & \text{Informal} \\
\text{Regulated by Law} & \leftrightarrow & \text{Not Regulated}
\end{array}
\]

ENDNOTES
\(^1\) Jim Collins first wrote Good to Great: Why Some Companies Make the Leap...and Others Don’t in 2001. He later followed up with Good to Great and the Social Sectors: Why Business Thinking is Not the Answer in 2005.


PART THREE: PRACTICAL CONCERNS AS THE 3\(^{RD}\) SECTOR CONTINUES TO SHIFT

A substantial portion of the seminar centered on non-profit sustainability and the complexities of social enterprise. We discussed many of them - what constitutes social enterprise; public perception; cause related marketing as opposed to social entrepreneurship; and relevance to the organizational cause.
Not all non-profit organizations embrace social enterprise, even more professionalized agencies. As such, we would be best to define social enterprise as those venues separate and apart from traditional fundraising practices of non-profit organizations such as grant-writing, charity events, and/or client fees for services. There is often a misperception that non-profit agencies cannot “turn a profit.” While non-profit organizations certainly are bound by the non-distribution constraint, this does not mean that organizations are prohibited from seeking innovative ways to sustain the services they provide for their communities.

New developments in social enterprise include cause-related marketing, wherein a corporate “sponsor” contributes a portion of their proceeds to a designated non-profit organization that has partnered with them, as well as endeavors into social entrepreneurship, that is, business run by the parent organization as a new source of revenue for the agency. Examples of social entrepreneurship include thrift stores run by agencies like Habitat for Humanity, and catering businesses run by The Women’s Bean Project. These businesses “turn a profit,” yet are funneled back into the parent agency to provide the services that are the primary focus of the agency. Additionally, the businesses often employ the clientele of the parent agency, adding supplementary services for the agency such as job training, life skills, etc.

While the prospects of social enterprise look encouraging, non-profits must be cautious in engaging in such ventures. This is particularly true when it comes to public perception and revenues generated by social enterprise. Are the funds going back to the community by way of expanded services? Or are salaries of the agency staff suddenly disproportionate? Are the intentions for revenues collected clearly communicated to the public? Or will we see scandals such as the 9-11 Red Cross scandal, where donors did not realize their contributions – intended for direct aid - were actually going to administrative costs. Finally, is the social enterprise relevant to the cause of the parent organization? Or, should the business be its own entity, without non-profit distinction?
Appendix of Figures
HEAD OF BUSINESS

SUSTAINABILITY ISSUES
GOVERNMENT ISSUES OF PERFORMANCE

HANDS, VOLUNTEERS WHO MAKE THE WORK HAPPEN

HEART, MISSION OF N.P.O. EXECUTIONS OF N.P.O.

FEET, TO KEEP PLAN IN MOTION
WHERE 3rd SECTOR ARISES

VOLUNTEER:
# Continuum of Voluntary Action – Individual to Nonprofit Organizations

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