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PubPol 671: Policy & Management in the Nonprofit Sector

Lecture 25: Nonprofits and Civil Society

Neel Hajra



Reminder

- Regular office hour this week, then conversations by appointment through finals period
- Online Evaluations: Consider yourself “exhorted”



Final Paper Hint

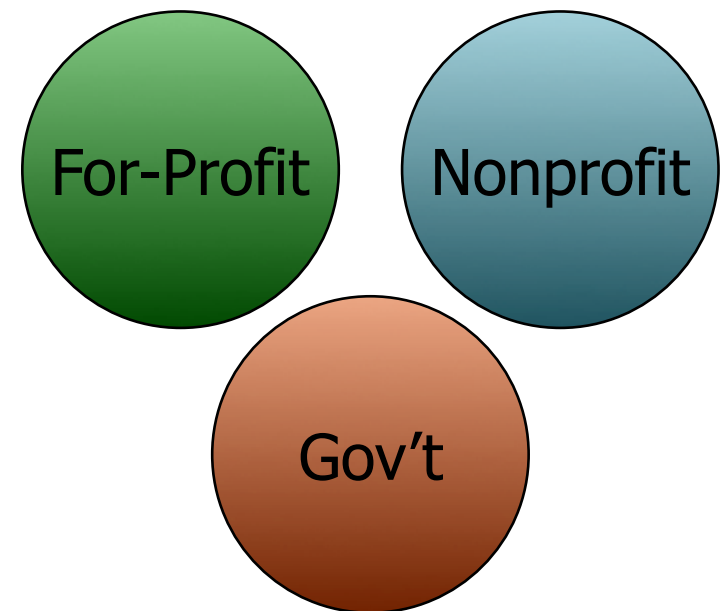
- Don't forget about the optional readings!



Modeling the Nonprofit-Government Relationship

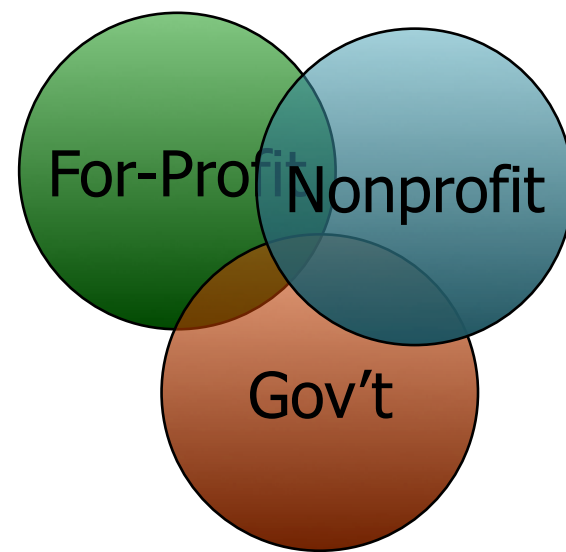
Market Niche Model

- Market niche model
 - Alternating mechanisms in competition
 - Describes division of labor and 'three failures' theory
- **NP Role:** Provide diversity and innovation that government cannot
- **NP Challenges:** Funding, competitive position



Transaction Model

- Exchange relationship between nonprofits and government
- Explains third party government approach
- **NP Role:** Co-production with government
- **NP Challenges:** Autonomy, trust, diversity





Civil Society Model

- Nonprofit embodies values that are crucial to democracy and good government
- NP Role: Strengthen solidarity and community
- NP Challenges: Government conflict, institutional identity



Civil Society



Why this matters

- A different perspective on the core value proposition for the nonprofit sector



Definitions of Civil Society

- Sphere of social activity that exists beyond family but outside state
- Realm of private action through which individuals can take initiative, express their individuality, and exercise freedom of expression and action
- Collective action around shared interests, purposes and values



Roles of Civil Society

- Enable social capital (bonds of trust and reciprocity that are needed for a democratic society and market economy to function effectively)
- Mediate relationship among family, market, and government

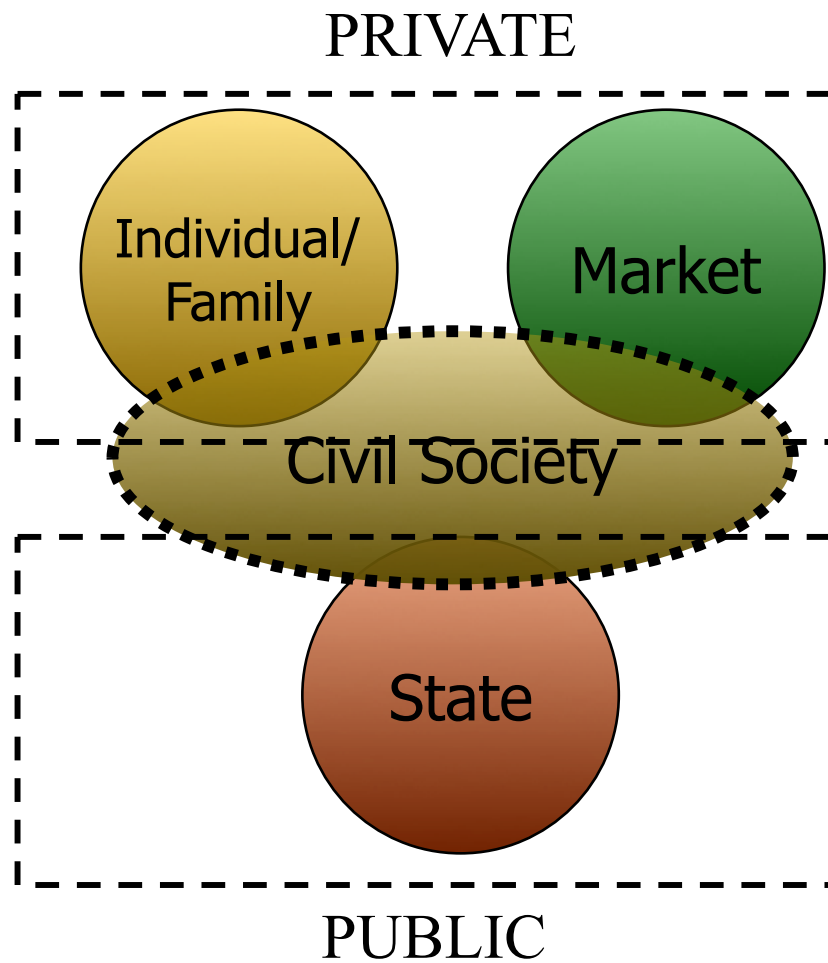


Civil Society Institutions

- Neighborhoods/Communities
- Family
- Houses of Worship
- Voluntary Associations

(can't be sporadic/occasional)

Mediating Public/Private Dichotomy





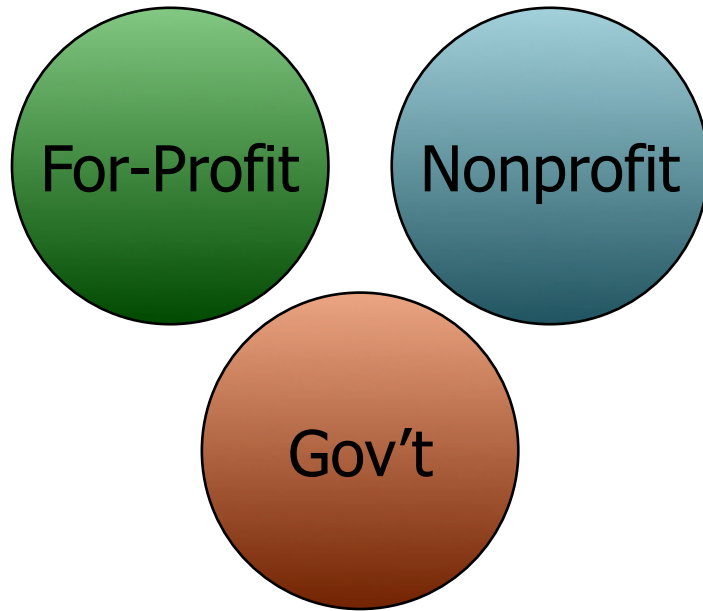
Re-Casting Nonprofits as Community Institutions

- Tangible manifestation of community
 - Self-identifying
 - Voluntary action
 - Expression to values
- Nonprofit avenues for community participation
 - Volunteer boards
 - Extensive use of volunteers
 - Grassroots (broad individual) support

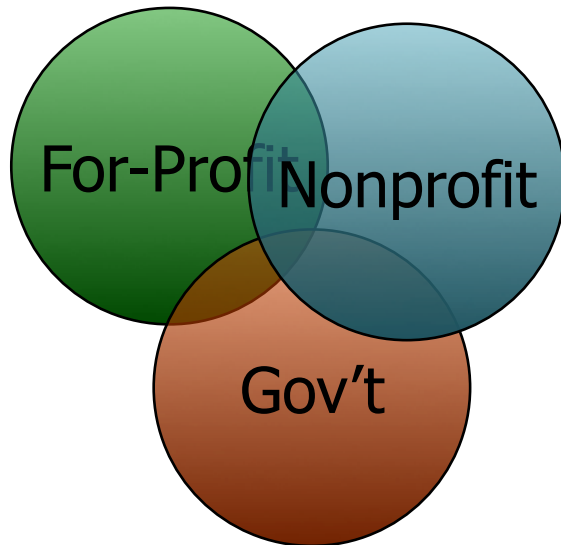


Nonprofit's Role in Civil Society

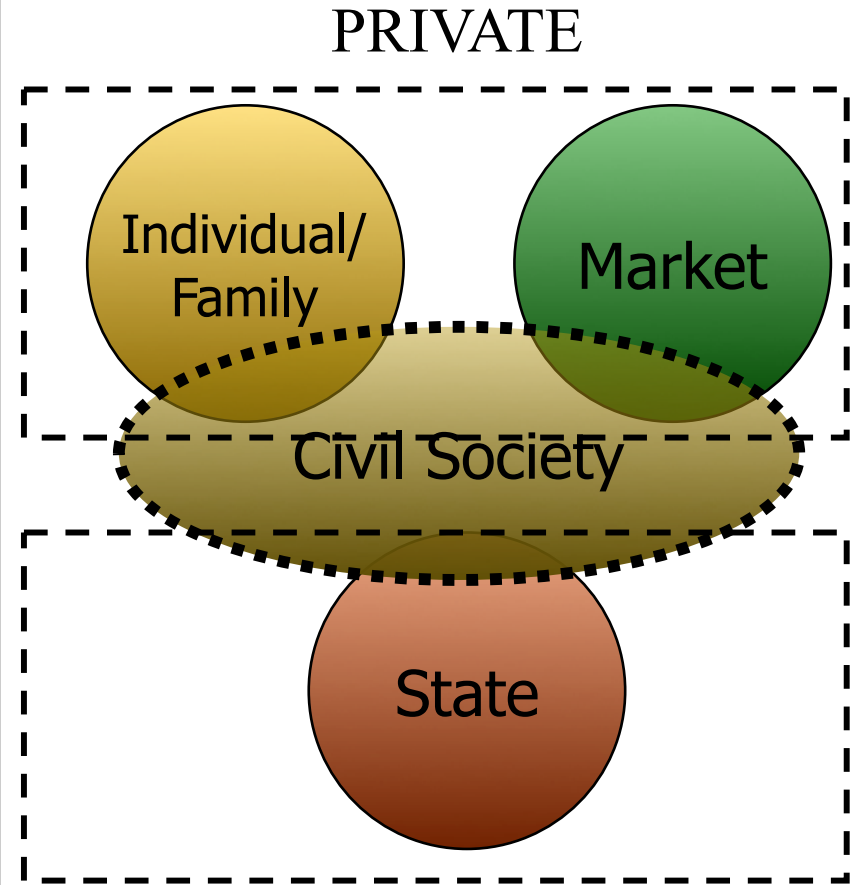
- A mediating institution:
 - Fend off state power
 - Overcome individualism
 - Keeps political and market orders connected to the values of private life



Traditional Institutional
(Market Niches)




Blurred Institutional (Value Exchanges)



Civil Society
Perspective
(Mediating force)

So which paradigm is it?

- Nonprofit as gap-filler
 - Nonprofit as partner
 - Nonprofit as mediating force
- 
- This is where the DIVERSITY of the sector allows for more than one answer
 - Sector's growth (and impending contraction?) might force some 'sorting' of this issue



Nonprofits and Democracy



**ARE NONPROFITS
CRITICAL TO
DEMOCRACY?**



Viewpoint: Critical to Civil Society

- (just discussed)



Viewpoint: Critical for Pluralism

- Diverse groups competing with one another for control/influence of State



Viewpoint: Barrier to Democracy (mediating institutions)

- Mediating institutions bind individuals to sectarian hostilities
- E.g., French Revolution Outcomes – outlawing intermediate institutions
- E.g., U.S. individual tax deductions – putting personal preference above common good
- E.g., Nonprofits (interest articulators) vs. political parties (interest aggregators)



Viewpoint: Barrier to Democracy (populist)

- Professionalization replacing voluntary involvement
- Elite control, instruments of privilege
- Part of privatization trend



Viewpoint: Irrelevant to Democracy

- Small voice
- Not clear that nonprofits are important to countering the bias toward the advantaged (the wealthy, businesses)
- Growing ties to government
- Limited advocacy; more of an administrative role



Hajra quoting Salamon paraphrasing Churchill

- “The nonprofit sector is the worst support for democracy imaginable, except for all the others”

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Policy Principles to Ponder

(Aspen Institute and Gronbjerg/Salamon)



Goals

- Strengthen nonprofit sector
- Improve nonprofit-government relationship
- Fortify independence



Regulation and Accountability Principles

- Examples:
 - Board self-governance, control against elites
 - Self-promulgated nonprofit standards
 - Minimize transactional inefficiency
 - Avoiding Coercion



Charitable Giving and Volunteerism Principles

- Examples:
 - Deduction for non-itemizers
 - Reform foundation taxes/requirements
 - Reform estate tax
 - Community service programs
 - Deductions up to April 15
 - Deduct value of donated services



Funding / Support Principles

- Examples:
 - Move from vendorship (contracts) to partnership & collaboration
 - Contracts: Value outcomes (public good) over financial benchmarks
 - Penalties for untimely payment
 - Allow nonprofit margin like for-profits
 - Reduce reporting requirements
 - Ease procedural barriers
 - Capacity Building



Core Distinction Principles

- Examples:
 - Protect private advocacy
 - No surrender of mission
 - Embrace innovation and research



Coming Challenges for the Nonprofit Sector



Four Trends Since 60's

- Exponential Growth
- Institutionalization
- Privatization of health/social services
- Sector blur



New Economic Realities

1. Rescue Fantasy
2. Withering Winterland
3. Arbitrary Winnowing
4. Transformation



Funding & Resources

- Contributed, Earned Incomes
- Growth & Resource Competition

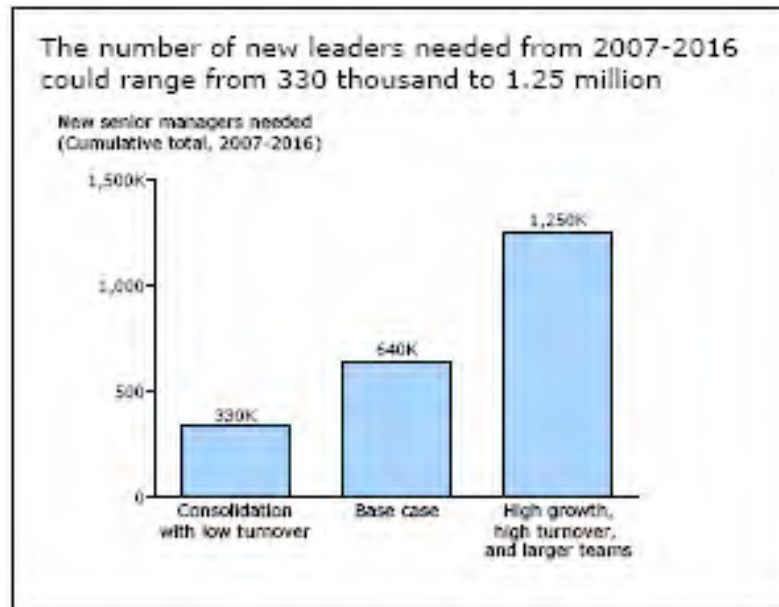


Changing Demographics

- “Majority minority” by 2050
- Nonprofit sector could be:
 - Evolving voice of emerging groups
 - Platform for dialogue

Leadership Gap

- “60 percent of nonprofit leaders who participated in the study also predicted that they would have a hard time finding qualified candidates to take those jobs, even though the pool of job seekers is deep, as a result of unemployment in the business world.”



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(Bridgespan Study)



Professionalization

- Balance (e.g., professional staff, volunteer board?)
- Role (Mediating institution or service provider?)



Sector Blur

- Continuation of current blurring?
- Or re-trenching?
- Or both?



Course Take-Aways



Sector Perspective

- A toolkit to formulate your own view on the value and appropriate role of the nonprofit sector



As a World Citizen

- Help you see what's behind the curtain



For Nonprofit Managers

- Anticipate, understand, and solve issues
- Not just what, but why



For Cross-Sector Partners

- Appreciate the impact of inter-sector dynamics on your work with nonprofits



For Policy Makers

- Understand the implications and impact of policies on the nonprofit sector
- Understand the role of the nonprofit sector as an institutional factor in policy making