

*Nonprofit Organizations and Civil Society in the United States*  
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# Preface

## Motivation for this book

As social scientists and instructors with a particular interest in the role of nonprofits in society and their relationship to government, we have often found ourselves without the perfect textbook for teaching undergraduates about nonprofit organizations. Many of our “go-to” nonprofit textbooks focus on management or are intended for a professional audience - written for practitioners that are often assumed to have a good deal of experience working in the nonprofit sector, or are in the process of learning nonprofit management skills in the classroom and through internships. Yet, these texts are not ideal for interdisciplinary courses at the undergraduate level. Our book, *Nonprofit Organizations and Civil Society in the United States* makes a departure from existing nonprofit texts on the market, in that it does not focus on management, but rather offers a more general approach to understanding nonprofit organizations and their contributions to the social, political, and economic dimensions of society; it also covers the nexus between nonprofits and civil society. Our text fills a unique niche, offering a theoretically oriented undergraduate introduction to the nonprofit field and an examination of the multifaceted roles these organizations play in American society.

Students in a variety of fields have interest in the nonprofit sector – interests ranging from employment, volunteer opportunities, political activism, or the desire to better understand the role of nonprofits in business, government, and society. Today, many undergraduates are considering careers in public service (in government, nonprofits, and with for-profit firms), but few have the opportunity to gain a broad understanding of the nonprofit sector and its place in American civil society. Nonprofit courses aimed at undergraduates are emerging at universities throughout the United States, and are embedded in a variety of disciplines including, public administration and public affairs, business, economics, philosophy, public policy, political science, sociology, and social work. Our book targets this emerging audience.

The primary focus of this book is nonprofit organizations in the United States. While we discuss international nonprofit organizations and often describe US-based nonprofits in comparison to non-US nonprofits, it is important to note that nonprofit and civil society organizations are partly an outcome of the political, social, and economic environment in which they operate. This is especially true in the US, where nonprofit organizations have special legal, financial, and social status in society. We hope that the comparative international segments of the book will provide an avenue for additional discussion in the classroom. And, of course, faculty looking to take a more international focus in the classroom can use this as a springboard for that type of discussion.

The primary audience for this book is not disciplinary; our goal is for this book to speak across a variety of disciplines. To that end, we have kept the presentation of material interdisciplinary, broad, and comprehensive. We touch upon basic aspects of government and political science, basic economic theory and terminology, and general sociological theories. Students will become familiar with these various disciplinary lenses and how they relate to nonprofits, but do not require expertise in any one discipline in order to effectively consume the material presented in this book. Our expectation is that instructors focused on a particular discipline can use this book as a base text which can be supplemented with readings, lectures, and case studies that are particular to the discipline (e.g. business, economics, public health, criminology etc.) or area of interest (e.g. healthcare, education policy, welfare policy etc.). .

## **.Graduate Courses**

While the primary audience is undergraduate, we believe this book provides a useful starting point for graduate instruction. This textbook can serve as a companion text on nonprofit organizations. For example, instructors of public management courses will find this book to be a useful guide for understanding how nonprofit organizations are similar and dissimilar to public organizations, the relationships between nonprofit organizations and public organizations, and the ways in which the nonprofit sector is increasingly delivering public services via government contracts and grants. It could easily be paired for instance, with Hal G. Rainey's (2009) *Understanding and Managing Public Organizations* (Jossey-Bass).

For those teaching in graduate programs in social work, this book will provide a nice perspective on the economic and political aspects of nonprofit organizations. Moreover, it offers detailed descriptions of the organizational structure of many nonprofits and their relationships to government, groups, and communities. This book helps to describe the environment and organizations where many MSW graduates will work. For those teaching about nonprofits from a communications perspective, this book could be paired with Patterson and Radtke's *Strategic Communications for Nonprofit Organizations* (2<sup>nd</sup>), offering a well-rounded approach to understanding the complex nature of nonprofit organizations and their relationship to civil society.

For instructors working in business schools, this book can serve as a companion to texts such as *Good to Great and the Social Sectors* (Collins 2011), *Business Model Generation* (Osterwalder and Pigneur, 2013), and *Philanthro-Capitalism*, (Bishop, and Green, 2008), offering a complementary focus on the role of public service and mission-driven organizations. We also highlight the ways in which nonprofit organizations can operate within or next to corporate structures or as philanthropic arms to larger for-profit activities. This book can be easily paired with more advanced, graduate texts on social entrepreneurship and corporate philanthropy. In short, the book is introductory in nature, easily comprehended, and relies on contemporary examples and debates, making it useful for grounding students' understanding of nonprofits, as supplemental readings can be used to teach the topic from a wide variety of disciplinary perspectives.

## **What to expect from this book**

This book is divided into four sections. Section I includes three chapters (1, 2, 3) that provide an introduction to the nonprofit sector and civil society. Section II includes three chapters (4, 5, 6) which detail nonprofits in civil society, in particular a focus on community building, volunteering, philanthropy, and giving. Section III (Chapters 7, 8, 9) centers on the political and economic aspects of the nonprofit sector. Section IV concludes with a chapter (10) that focuses on the current and future challenges and opportunities for the nonprofit sector.

**Opening Story:** Instructors and students will note that each chapter opens with a story or application of the key concepts from the chapter. These modern stories are intended to draw students in and prepare them for the material that follows. In some cases, these opening stories are "ripped from the headlines" with the hopes of stimulating interest in the chapter content and also serving as easy-to-understand platforms for further discussion. Instructors are encouraged to

use these examples, and others, to integrate the materials in the chapter into a discussion of current events or issues that are particularly relevant to students.

**Learning Objectives** are outlined at the start of each chapter. At the close of each chapter we have provided a list of **Key Terms**. These key terms are bolded within the text of the chapter. We also provide discussion questions at the close of each chapter. The **Discussion Questions** can be used for in class discussion or as study questions for students. We also provide a variety of **Website Links** for additional student research or classroom use. Instructors may wish to incorporate these websites into their lecture presentations or ask students to visit them to learn more about particular organizations and programs. In some chapters, we provide recommended readings, video clips, and additional materials that can be used to supplement the chapter content and provide points of discussion for lectures and seminars.

Finally, many of the chapters include small **Boxes** and that highlight short case examples or challenges and controversies that pertain to chapter content. These materials are intended to be provocative. In many cases they present a slanted view of an issue or challenge students to think about alternative approaches to the issues at hand. The cases, examples, and illustrations used throughout the books do not necessarily represent the views of the authors or the publishers, but instead are presented to stimulate thoughtful discussion and critical thinking. We hope that these examples can be used as a springboard for lively discussion and debate in the classroom, whether it be a large group discussion moderated by the instructor or in small groups.

## **What to expect from specific chapters**

### **Section I: Introduction to the Nonprofit Sector & Civil Society**

The book starts with an overview of nonprofits and civil society in the United States. **Chapter 1** then presents a detailed discussion of what is meant by the term nonprofit sector, and a variety of other terms (e.g. third sector, independent sector etc.) used to describe the sector. We note how the nonprofit sector is similar to and different from, public and for-profit sectors and discuss the ways in which the context of the nonprofit sector is changing along with the economic, technological, and social changes in society. This first chapter outlines the size, scope, and boundaries of the US nonprofit sector, highlighting examples of nonprofits that represent the diversity of the sector. We also define civil society and note the ways in which the nonprofit sector contributes to and is shaped by civil society. In the first chapter, we also begin to introduce cross-cutting themes that appear throughout the book including the role of technology in civil society and transforming nonprofit and voluntary action; collaboration, partnerships, and inter-sector linkages and influences; and the increasingly blurred boundaries of the sector including the emergence of new hybridized forms of social purpose organizations.

**Chapter 2** examines the origins of our contemporary nonprofit sector in the United States. The chapter highlights the historical and legal foundations of the nonprofit sector, noting how these features result in a distinct American nonprofit sector. The chapter is divided into five parts. First, we outline the values that underlie the nonprofit sector, including the impulses for charity and philanthropy that are grounded in Judeo-Christian beliefs and teachings, American values of individualism and pluralism, and attitudes toward welfare, capitalism, entrepreneurship and how these values have shaped a preference for personal responsibility, a limited welfare state, and preferences for private solutions/responses to problems whenever feasible.

Second, we discuss the roots of nonprofits in American social life. We offer a brief history of associations that emerged and how nonprofit culture has been shaped by the social structure and history of the US. Third, we outline the roots of nonprofit organizations in American political life, noting the ways in which American political values, preferences, and history have shaped the nonprofit sector and vice versa. Fourth, we discuss the nonprofit sector and its relationship to the economy, noting its role in job creation and revenue. We detail the legal structure of nonprofits in the US, noting the meaning and purpose of tax-exemption. This chapter concludes with a discussion of the overlap between the public, nonprofit, and for-profit sectors and the context in which nonprofits operate, enabling students to gain a better understanding of the ways in which the US nonprofit sector contributes to the American economy and some of the challenges facing the sector.

**Chapter 3, Theories of the Nonprofit Sector**, outlines theoretical explanations for why nonprofits exist, and why nonprofits often represent preferred providers in markets where for-profits also provide goods and services. For the sake of simplicity, the discussion of nonprofit theories is divided into economic and non-economic explanations. Economic explanations for why nonprofits form include market failures, government failures, and interdependence theory. The chapter also examines limitations of economic theories and considers some alternative theoretical perspectives including the theory of the commons, pluralism and collective action perspectives on nonprofit organizations and civil society groups. Although brief, this chapter introduces important concepts that serve as a frame of reference for material and examples introduced in later chapters.

## **Section II: The Nonprofit Sector in Civil Society**

**Chapter 4, Nonprofits and Community Building**, borrows from Anheier's (2005) definition to describe civil society as the macro-level institutional structure of laws, norms, customs that create the social structure for nonprofit organizations and associations. This chapter explores how nonprofit and civil society organizations contribute to the social fabric of America. We build on the previously discussed definitions of "nonprofit" and civil society and introduce the concept of social capital. We then examine how civil society and social capital relate to one another and the nonprofit sector. Specifically, we discuss traditional voluntary associations and local civic groups, political parties, neighborhood associations, trade and labor unions, sports clubs, churches, PTA's, twelve step and other self-help programs, and community-based organizations. We include a discussion of the "dark" side of social capital. We also discuss the ways in which the Internet and social media have supplemented, complemented, and, in some cases, replaced many traditional forms of face-to-face associating.

**Chapter 5** explores the traditional and emerging dimensions of volunteering in the US. This chapter, titled *Community Service & Voluntary Action*, begins by describing the prevalence of volunteering the US and the patterns of volunteering by gender, age, race, and ethnicity. We discuss why volunteering is important to the nonprofit sector and consider the various motivations for volunteering. We note the differences between formal and informal volunteering, compulsory volunteering, intermediary organizations that promote or support volunteering, and newer forms of volunteering including virtual volunteering, microvolunteering, and various new technologies that are shaping volunteer experiences.

**Chapter 6** examines the role of philanthropy and giving in US civil society. The chapter focuses on the changing nature of philanthropy, foundations, and giving. We begin by defining

philanthropy and offering a quick introduction to the history of philanthropy in the US. The chapter opens with a description of the Giving Pledge, the giving commitments of billionaires. Following the description of philanthropy we include a profile on Andrew Carnegie. We note the distinction between philanthropy and charity and discuss the values that support philanthropy and charitable giving. We then provide an overview of the modern foundation sector, noting different types of foundations (grant-making, operating, community, and corporate) and the ways in which foundations redistribute resources, stimulate innovation, foster social change, to manifest the personal values of their creators. Following the discussion of philanthropy, we move on to consider giving patterns in the US. We discuss individual giving, including who gives and who receives. We note annual giving trends, including which organizations benefit most from private giving and interesting facts on giving tendencies among the very wealthy and low-income individuals. We also note key motivations for giving, including altruistic, coercive, and egoist motives. Finally, we discuss how technology is transforming giving with new forms of giving such as mobile donations, and personal fundraising pages created via social media and other examples.

### **Section III: Political, Social, and Economic Aspects of the Nonprofit Sector**

**Chapter 7**, The Influence of Nonprofit Organizations on the Political Environment, provides an overview of the various roles that nonprofits play in the American political landscape, with particular attention to their roles in policy-making and elections. The chapter introduces concepts such as pluralism, collective action, and representation and then discusses the role that nonprofits play in our democracy. We discuss nonprofits as interest groups and their activities including lobbying, advocacy, and grassroots mobilization. We then note the critical distinctions between 501(c)(3) and 501(c)(4) nonprofits with regard to lobbying, advocacy, and mobilization activities. We note important transparency issues that have emerged in response to the political activities of nonprofit organizations. We highlight the role of nonprofits in elections, voter registration, and get-out-the-vote campaigns.

**Chapter 8**, titled Nonprofit and Voluntary Activism: Social Movements and Protest Politics, defines and examines some of the major social movements of the twentieth century, in particular the civil rights and the role of nonprofits in that movement. We then shift to discuss more contemporary social change organizations and movements including the gay rights movement and the economic justice movement. We discuss the logic and theories that aim to explain social and protest movements that aim to effect political and social change. We also touch on some important, modern international social movements including the Arab Spring, the Saffron Revolution in Myanmar (Burma), the Twitter Revolution in Iran, and the women's rights movement in India.

**Chapter 9**, Economic Contributions of Nonprofit Organizations, turns to a discussion of the role that nonprofit organizations play in in the US economy, both as a major employer of American workers, and also the roles played in local economic development by job training and community development organizations throughout the US. The chapter begins by identifying major industries within the nonprofit sector that serve as sources of jobs for the American workforce, and considers some of the factors that have contributed to nonprofit employment growth in recent years. The chapter then takes an in-depth look at some of the ways that job training and community development organizations promote local economic development, helping to repair local economies from the bottom up in many of America's poorest communities. Chapter nine concludes with a discussion of nonprofits focused on business attraction, development, and promotion,

organizations and considers how these organizations help to fulfill local economic development goals.

#### **Section IV: Nonprofit Sector Challenges & Opportunities**

**Chapter 10, The Future of Nonprofits and Civil Society**, examines some contemporary and emerging trends that will affect the nonprofit sector in the next decade and beyond. These trends create both significant challenges and opportunities for nonprofits and civil society. The trends discussed in this chapter include changing population demographics and what they mean not only for nonprofit service delivery but also for diversity in the nonprofit workforce and nonprofit governance, fiscal stress and uncertainty in government spending and the turbulence it creates for nonprofits, increased demands for transparency and accountability, increased market competition and pressures for performance, blending and blurring of sector distinctions; and the rise of technology and social media.