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An Integrated Framework of Inter-Sectorality: Nonprofitness and Its Influence on Society and Public Administration Programs

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ABSTRACT

Cross-sector interactions have long occurred in the public delivery of goods, services, and interests. While scholars have often addressed cross-sector interactions using the dimensions of publicness (state) and privateness (market), an intersectoral framework necessitates the understanding and incorporation of nonprofitness to account for the dimensions of nonprofits along the public-private continuum. This article proposes a framework for identifying the dimensions of nonprofits in an intersectoral world and draws on relevant examples to illustrate the presence and influence of nonprofitness. The article then focuses on the future of education in the field of public administration and, in light of the proposed framework, makes and considers recommendations to help educational programs better equip students to appreciate work across sectors.

KEYWORDS
Nonprofitness, inter-sectorality, publicness, values

As an academic discipline, public administration has long recognized and asserted the distinctions between the public, private, and, more recently, nonprofit sectors (Weisbrod, 1997). Over time, organizations traditionally attributed to a particular sector (i.e., market, state, nonprofit) have fused practices to carry out their work in response to pressure for greater efficiency and effectiveness with fewer resources. Fused practices have essentially blurred the lines of demarcation between the sectors. Organizations are expected to compete, partner, or adapt to survive among a growing pool of organizational types with competing, comparable, or hybrid institutional practices (Smith, 2010).

This competition often challenges the perceived and realized sectoral advantages, motivating organizations to incorporate differing institutional logics (Knutsen, 2012) and thus replicate...
characteristics of other sectors (Pache & Santos, 2012). These characteristics may also include what Jacobs (1992) refers to as the creation of “moral hybrids” (p. 80), where organizations driven predominantly by “the guardian moral syndrome” (i.e., preservers of the collective good) may be adopting the values of “the commercial moral syndrome” (i.e., capitalist virtues of voluntary exchange). As a result, organizations are now operating in an intersectoral environment where public and nonprofit administrators, as well as business leaders, coexist, interact, compete, and, at times, share similar organizational values or structures to solve complex social problems.

While scholars recognize the emerging organizational phenomenon of inter-sectorality (of three sectors) in theory (Berry & Brower, 2005), it is also highly relevant for practice. Professionals need knowledge of inter-sectorality to develop an orientation that benefits their work in government, for or with nonprofits (Najam, 2000), and even in hybrid firms that fall in between and combine elements from more than one sector (Minkoff, 2002; Pache & Santos, 2012). It is here that we aim to contribute to scholarship, education, and the practice of operating in an intersectoral world. We focus in particular on the U.S. nonprofit sector (or third sector) that falls in between and often reflects characteristics of both public and private work (Van Til, 1987). As academic programs in the United States increasingly integrate nonprofit management degrees, specializations, and certifications that characterize the third sector as part of public service (with a private orientation), we argue for greater clarity in what makes nonprofit organizations distinct from the work of government or market organizations. At the same time, we suggest that such distinctions contribute to the hybridity of organizations in the sectors as both governmental agencies and market organizations adopt dimensions of nonprofits.

This article first articulates a theoretical background on the blurring of the sectors and the institutional logics perspective of organizations. Then, drawing on the integrative publicness literature, we develop a theory of nonprofitness based on the dimensions of moral authority and values of nonprofit organizations. Next, we propose a framework for intersectorality that considers the degree to which organizations are influenced by publicness, privateness, and nonprofitness. We then illustrate how nonprofitness has manifested at the organizational level in other sectors as they have borrowed from, been influenced by, and extended dimensions of what has traditionally been ascribed to organizations in the nonprofit sector. And finally we turn to the individual level, to examine what the future holds for those who educate public and nonprofit professionals trying to balance survival and relevance with mission focus and comparative organizational and sectoral differences.

As the sectors experience hybridization, being able to identify the mix of sectoral dimensions contributing to the structure and behaviors of organizations will help professionals cultivate greater responsiveness as they carry out their work. We therefore consider the knowledge and skills necessary for operating across sectors. By doing so, we contribute to the discussion on how to educate professionals in public administration, public affairs, and public policy programs given the amount of sector switching that current and future generations of professionals are expected to undertake (Su & Bozeman, 2009).

THEORETICAL BACKGROUND

The worldwide movement of new public management (Kettl, 2005) encouraged governments to reinvent themselves by embracing a greater market orientation (Osborne & Gaebler, 1992) and privatizing services to businesses and nonprofit organizations (Savas, 2000). With the steady rise in the number of nonprofit organizations that has occurred with privatization (Boris & Steuerle, 2006), nonprofits have experienced pressures to become more professional and commercialized in their practices as well as to adopt marketlike values and norms (Dart, 2004; Eikenberry & Kluver, 2004; Weisbrod, 1997). At the same time, scholars note a trend in that as nonprofits become more governmentlike, they create problems of
vendorism and bureaucratization (Frumkin, 2005; Salamon, 1995). Such observations have supported conclusions that the borders between the public, private, and nonprofit sectors are vanishing, blurring, and blending (Hammack & Young, 1993; Weisbrod, 1997), and that the relationships between the sectors cannot exist in isolation because they are “multiply embedded” (O’Riain, 2000, p. 191).

The institutional logics perspective, nonetheless, provides a different approach to thinking about the role of organizations and the sectors in society more broadly. Thornton, Ocasio, and Lounsbury (2012) argue there are seven ideal types of institutional logics (i.e., family, community, religion, state, market, profession, and corporation), with nine divergent categories that explain various logics of behaviors. While we do not cover all of the categories and logics in this work, a few areas that distinguish the institutional types of the state and the market should be noted. For example, the market’s sources of authority are from shareholder activism, the basis of norms is self-interest, the basis of strategy is to increase efficiency and profits, and the economic system is market capitalism (Thornton et al., 2012, p.73). Thornton and colleagues (2012) differentiate the state in these same categories as receiving authority from bureaucratic domination, its norms from citizenship, its basis of strategy as to increase community good, and its economic system as welfare capitalism (p. 73). Given that these are ideal types, organizations adapt and use these logics (or parts thereof) as needed.

As part of their institutional logics, nonprofits often combine elements of both the state (democracy) and the market (capitalism) depending on their work and mission. Though Thornton and colleagues (2012) do not refer to nonprofits specifically, their logic for the community institution captures several important categories of these organizations. For example, their source of legitimacy comes from unity of will (i.e., belief in trust and reciprocity), their authority derives from commitment to community values and ideology, their norms are based on group membership, and their economic system is cooperative capitalism (Thornton et al., 2012, p. 73). Accordingly, Knutsen (2012) notes that nonprofits may embody anywhere from one to six of the following institutional logics that shape their behaviors: the state, the market, democracy, religion, family, and profession.

That is, through their expressive and instrumental dimensions (Frumkin, 2005), nonprofit organizations may adopt competing institutional logics in order to fulfill their mission and purposes (Knutsen, 2012). In fact, nonprofits may combine multiple logics, placing them somewhere in the middle of the state and market on the public-private continuum. However, Knutsen and Brock (2014) contend that “theories that are developed primarily to account for one kind of institutional logic of organizations should not be considered as a principal theory for all organizations [i.e., nonprofits] in the space” (p. 1116). This has led some to argue that nonprofits should maintain a balance between the “distinctiveness imperative” (i.e., the characteristics or combination of logics that make them unique) with the “survival imperative” (i.e., the behaviors or logics needed to survive; see Salamon, 2002, p. 80). We build upon this argument and suggest that nonprofit organizations possess distinctive dimensions that set them apart from both public organizations and private, for-profit organizations.

In considering this point, a well-developed theory in the public administration literature describing the degrees to which organizations are public or private comes from Bozeman’s (1987) construct of publicness. Given contemporary manifestations of sectoral relationships and combining of institutional logics (Skelcher & Smith, 2014), a framework for understanding the organizational theories of publicness and privateness as well as nonprofitness is essential. The theoretical understanding of publicness to date has been explored and expanded in relation to its implicit opposite, privateness. Therefore, we elaborate upon this construct to develop a framework for inter-sectorality that includes nonprofitness.
PUBLICNESS THEORY
Publicness theory and its opposite, privateness, represent the degree to which an institution is influenced by “political authority...[and/or] market authority constraints and endowments”; therefore, an organization may be “more private or more public” (Bozeman & Moulton, 2011, p. i365) given this mix. Scholars have empirically operationalized publicness as funding, ownership, and control and have used these dimensions to understand organizational and managerial behaviors and outcomes for public and private agencies (Andrews, Boyne & Walker, 2011; Coursey & Bozeman, 1990). Researchers using the publicness framework have often focused on comparisons between public and for-profit organizations (Andrews et al., 2011; Coursey & Bozeman, 1990; Haque, 2001; Moulton, 2009) rather than nonprofit organizations. Some authors have studied the publicness of funding relationships between nonprofits and government (e.g., Isett & Provan, 2005), but this provides a limited perspective on nonprofit activity. Pesch (2008) claims that the history of the public administration field teaches us that, even though publicness can be conceptually ambiguous at times, the dimensional approach is most useful based on two imperatives that distinguish public and private organizations: the publicness of public goods and the publicness of public interest. As such, public organizations focus on the production of public goods and services in the name of the public’s interest or needs while private organizations seek to maximize profit for market goods and services and may lack a public interest focus. Nonprofits, in turn, may focus on the public’s interest and/or the production of public or private goods and services.

Recognizing the need to broaden this dimensional framework, Bozeman (2007) argues for incorporating normative or values-based aspects of publicness that are also responsible for shaping institutions and policies. Normative publicness accounts for the extent to which an organization is influenced by, or provides services of, particular public value such as integrity, citizen involvement, human dignity, openness, secrecy, and compromise in the desire to meet the public’s interest (Bozeman, 2007; Jørgensen & Bozeman, 2007). A more recent theoretical development in the literature calls for combining empirical and normative publicness into an “integrative publicness” that accounts for a mix of political, public, and market values impacting organizational behavior (Bozeman & Moulton, 2011).

Some of the values attributed to the private sector include self-interest, industriousness, profit maximization, profitability, and thriftiness (Schultz, 2004, p. 284). Therefore, a more accurate portrayal of organizational behavior and management may be informed by a combination of both values and degrees to which an institution can be characterized as more private or public. As Bozeman and Moulton (2011) suggest, scholars need to refine and expand integrative publicness to consider diverse and hybrid organizations and the various values that mold institutional environments.

Nonprofits, for the most part, have public and private dimensions as well as value or moral dimensions that contribute to different degrees of publicness and privateness depending on the type of nonprofit (e.g., social service organization vs. membership association vs. private foundation). This however tends to overlook the idea that, in general, nonprofits themselves have a specific domain comprising values that in turn influence governmental and business behaviors. Therefore, our theory of nonprofitness contributes to an expanding dialogue in this area (DiMaggio & Anheier, 1990; Knutsen & Brock, 2014), as the question of nonprofit organizations’ influence on public and private organizations is both timely and informative. Therefore, we argue that organizations are distinguished by the degree of public and private dimensions, as well as by the presence and degree of nonprofit dimensions.

A THEORY OF NONPROFITNESS
There are two key considerations that must be addressed for a concept of nonprofitness to be useful. First, if market and political authority can help determine an organization’s level of publicness or privateness, then to what type of
authority are nonprofits subject? While some may suggest nonprofits are subject to governmental authority through regulation, financial support, or tax law, we suggest that their expressive and instrumental dimensions serve as the basis for being shaped by moral authority. The expressive function states that nonprofits derive their value from commitments or beliefs that motivate efforts to address social problems, while the instrumental function notes that nonprofits often meet needs unmet by the state or market and may rely on creative endeavors to do so (Frumkin, 2005).

Salamon (2012, p. 19) notes that this expressive function captures “a variety of other sentiments and impulses” separate from the public sector, which serves to constrain and endow the sector with its capabilities and structural advantages. These expressions may include “artistic, religious, cultural, social, economic and recreational” aspects that make it a viable partner or leader among other sectors. Second, as leaders, nonprofits serve as “value guardians in American Society” (Salamon, 2012, p. 23–24). They have an implicit social contract with society to uphold public trust and goodwill, promote core values and public good, and offer services or resources to those in need (Jeavons, 2010). Nonprofits therefore rely on their mission, community, volunteers, donors, and clients to legitimize their expressive and instrumental dimensions. As a result, nonprofit organizations are constrained and endowed with resources given their values, value expressions, and subsequent stakeholder support. From an integrated publicness perspective, nonprofitness should then be considered as the degree to which an organization is affected by moral authority and nonprofit values.

The moral authority with which nonprofit organizations are endowed is illustrated by the roles they play in American society. Nonprofits are mission-driven and are thus guided by various causes, social purposes, goals, institutional logics, and public or private benefits. Herein, the social and civic essence of these organizations, along with their diversity and international nature, has led them to be described and labeled in numerous ways without one agreed-upon term. Such terms include the civil sector, third or independent sector, charitable sector, social sector, voluntary sector, philanthropic sector, and nongovernmental sector (LeRoux & Feeney, 2015). In their review of the literature, Moulton and Eckerd (2012) find support for a Nonprofit Sector Public Role Index based on six unique expressive and instrumental roles for nonprofit organizations: service provision, citizen engagement (democratization), social capital, political advocacy, individual expression, and innovation. They conclude that these purposes are distinctive and support the broader public value that nonprofits offer society.

From a normative institutional perspective, the basis of legitimacy for organizations such as nonprofits is that they are “morally governed” and thus their behavior “is guided by a sense of what is appropriate, by one’s social obligation to others, by a commitment to common values” (Scott & Davis, 2007, pp. 260–261). Fisher (2000) argues that philanthropy is based on a “gift economy” where the “exchange is not quid pro quo” (p.11); rather, the focus is on “creating and sustaining communities” (p. 10) that keep the gift economy alive by way of nonprofits that have public-serving missions and rely on volunteers (p. 189). Some have even warned that if we underappreciate the gift economy and the social role of nonprofits, such as their charitableness, caring for others, and moral considerations in place of pursuits of economic interests, then “civil society [may become] morally vacant” (Mirabella, 2013, p. 92). Consequently, from a publicness perspective, nonprofits must be morally accountable for how and where they seek and receive funding, and the extent to which they are directed by their missions, accountable to their board members, and embraced by their broader communities.

The second dimension of nonprofitness, which aligns to the moral authority function, is the value system driving nonprofit behavior that also influences public and for-profit institutions. As Schultz (2004) argues, “the ethical values and norms of the public, private, and nonprofit sectors are different” (p. 287), but in a
postmodern world these ethical boundaries are being blurred. On their own, nonprofit organizations “come into being and exist primarily to give expression to social, philosophical, moral, or religious values of their founders and supporters” (Jeavons, 1992, pp. 403–404). In a recent report, Salamon, Geller, and Newhouse (2012, p. 1) conducted a stratified sample of over 730 nonprofit organizations to answer the question “What do nonprofits stand for?” They were able to identify seven core values of the nonprofit sector (i.e., productive, empowering, effective, enriching, reliable, responsive, and caring) and examine to what extent professionals recognize these areas as important drivers.

One of their key findings is that there is considerable doubt by nonprofit professionals about “the success with which the sector is articulating and communicating its core values, and hence about whether key stakeholders—in particular the general public and government officials—truly credit nonprofits with these values” (Salamon et al., 2012, p. 15). These findings suggest a need for a nonprofitness construct to inform theory, practice, and the overall preservation of the sector. As Geller and Salamon (2008) argue, “the real competitive advantage of nonprofits is not selling a location but selling a workplace infused with special values [emphasis added]” (p. 2). These special values further contribute to the distinctive dimensions of nonprofits, which include trust, advocacy, representation, philanthropy, charitableness, beliefs, commitment, and care (Eikenberry & Kluver, 2004; Frumkin, 2005; Mirabella, 2013).

There are several examples that illustrate the degree to which the nonprofitness dimensions of moral authority and values are influencing business, government, and emerging nonprofit structures. For example, Marquis, Glynn, and Davis (2007) observe how the level of corporate social action in a locality can be attributed to the level of social and normative institutions (i.e., community isomorphism around giving and philanthropy). They suggest that a norm for corporate social action “arises from a moral base—what is right to do around here” (p. 934) and that this stems from the “connectivity among corporations and nonprofits...[and] institutional infrastructure, particularly community foundations and elite involvement groups” (p. 936). Additionally, government awards grants or contracts to nonprofits for numerous reasons including their ability to provide goods and services that may not be found in the market or public spaces, their desire to produce high-quality or innovative offerings to clients and communities by working within communities, and their lack of a profit motive and perceived trustworthiness.

In another example, Robichau (2013) extends the moral authority dimension of nonprofitness by examining the extent to which nonprofit child welfare managers identify with the various roles of the nonprofit sector and whether adherence to these purposes influences management practices. Her research suggests that higher levels of identification with nonprofit roles increases collaboration with other nonprofits as well as positively influencing managerial priorities to achieve mission, serve clients, and be financially strategic. Membership associations and advocacy nonprofits likewise share a space in the nonprofit sector where individual and group values are negotiated and expressed in broader society (Frumkin, 2005). Bringing these dimensions together, we argue that nonprofitness may be considered the degree to which an organization is affected by moral authority and nonprofit values.

**A FRAMEWORK OF INTER-SECTORALITY**

A framework of inter-sectorality helps to advance theory and practice because it acknowledges that varying degrees of publicness, privateness, and nonprofitness shape organizations of all types. By incorporating nonprofitness into the publicness-privateness discussion, we intend to provide a richer avenue to explore an organization’s behavior—through a theoretical lens that recognizes the fluidity between state–market–civil society interactions. At the same time, we contend that organizations within each sector may emphasize different values and institutional logics for which some are, and some are not, mutually exclusive.
These differing values and institutional logics are developed extensively in the literature (Alexander & Weiner, 1998; Bozeman, 2007; Desai & Snavely, 2012; Schultz, 2004; Skelcher & Smith, 2014; Thornton et al., 2012). Therefore, to articulate a framework for inter-sectorality, we draw upon the institutional logic and values literatures and follow the research tradition of drawing on an open systems perspective (Katz & Kahn, 1978; Scott & Davis, 2007). A central premise of this perspective is that to understand organizations and their behaviors, one must acknowledge that organizations are shaped by their social environments, contexts, and ideas, and therefore, “organizations are viewed as a system of interdependent activities” (Scott & Davis, 2007, p. 31).

In the model depicted in Figure 1, an organization may fall closer to any one end of the triangular spectrum: it is by degrees that we observe publicness, privateness, and nonprofitness. In addition, an institution’s position could move to the middle or even another extreme of the publicness-nonprofitness-privateness continuum depending on its primary constraints, endowments, and motivations.

By showing organizations and sectors as permeable, this model propels us forward in thinking about the institutional forces that pressure organizations to act in ways that may or may not align with their traditionally considered professional norms or institutional logics. The circle in the middle reflects an organization that is fluid and on certain dimensions may reflect more publicness, privateness, or nonprofitness at any point in time. Inter-sectorality, as depicted in the movement of the organization, arises where organizations: (a) take on attributes that are readily associated with another sector, (b) behave more similarly to each other (act alike),
(c) operate in the same realms (provide similar services or roles), or (d) all three. In an effort to demonstrate the specific nonprofit influence on inter-sectorality, several examples that characterize the manifestations of nonprofitness are provided in the following sections.

**CONTEMPORARY MANIFESTATIONS OF NONPROFITNESS**

In turning to nonprofitness specifically, we argue that other organizations are borrowing value characteristics from nonprofits to enhance their work and role while drawing on the moral authority conferred on the nonprofit sector. We also identify areas where the values and orientations of the nonprofit sector are influencing other organizations and extending the nonprofit ethos into newer and emerging organizational types. While organizations can, and perhaps should, adopt the dimensions of organizations from other sectors, appreciating the elements of sectoral distinctiveness proves beneficial for understanding and equipping individuals to operate within organizations beyond the structures, authorities, and values of a particular sector. Nowhere is this more relevant than in the contemporary manifestations of nonprofitness that are seen across organizations embracing inter-sectorality.

**Borrowing From Nonprofits**

Organizations often look to other organizations for a basis of comparison, contrast, and benchmark. Likewise, organizations may draw from other types of organizations within and across sectors for new ideas, processes, or practices to improve or enhance existing work (Myers & Sacks, 2003). When organizations look across sectors for innovations, ideas, or values while still maintaining their existing structures, they are borrowing features or specific dimensions of other sectors. In considering the ways in which traditionally ascribed organizations in the governmental and market sectors have borrowed from the nonprofit sector we contextualize nonprofitness within government-supporting foundations and corporate social responsibility (CSR).

One newer type of organizational form is the affiliated foundation, which is a nonprofit organization set up to provide funding to a governmental entity (Smith, 2010). Whereas nonprofits are typically contracted by government to provide a service or program and therefore gain funding and support from government contracts, affiliated foundations serve a charitable role as government-supporting nonprofits (Gazley, 2013). To that end, affiliated foundations are seen as a tool to conduct organization-specific fund-raising, to provide a legal mechanism for attracting charitable donations, and to give tax-deductible dollars to public organizations.

In practice, affiliated foundations are 501(c)(3) nonprofits focused on resource generation for a parent organization rather than on service provision (Smith, 2010). The parent organization of an affiliated foundation tends to be a governmental entity that lacks the legal mechanism to accept tax-exempt donations and/or the goodwill and trust of those interested in providing additional resources (Smith, 2010). As government-supporting charities, they therefore draw on the moral authority and trust bestowed upon a nonprofit organization; both of which are typically not attributed to the parent organization or governmental entity in its own right. A useful example of the government-supporting foundation is found in local education foundations (LEFs), which are charitable entities set up to support or equip the fund-raising efforts of local school districts.

Like most nonprofits, LEFs were established because of a perceived need within public education for additional resources and community support for public schools (Addonizio, 2000; De Luna, 1998). Many LEFs were started in the 1980s, when public schools were faced with budget shortfalls at a time when overall public education was characterized by a decline in school quality (Bartlett, Frederick, Gulbrandsen, & Murillo, 2002; De Luna, 1998). As LEFs are conduits for business and community engagement through private resources in public education, they are often created and administered at the local level by those in the immediate community (Brent & Pijanowski, 2003; Merz & Frankel, 1995). Through local
con nections, LEFs draw on the community for their board membership, accountability, and values.

While LEFs may be created to serve one or several schools within a district, most LEFs are created to serve an entire school district (Else, 2013) by distributing funds throughout the community in which the school district resides. LEFs facilitate broader community engagement and charitable support for the school district. In this, school districts draw on nonprofitness to legitimize their fund-raising efforts within the community and provide additional resources and support for students and teachers.

In a similar vein, corporations likewise borrow elements of nonprofitness through CSR and corporate citizenship (Waddell, 2000). CSR refers to the charitable aspirations of corporations within their immediate impact area or region to make a social impact in addition to traditional economic gains (Husted, 2003). The notion that businesses should use a CSR model is based on four dimensions that account for government and civil society inclinations: economic, legal, ethical, and philanthropic responsibilities (Carroll, 1991). As a result, businesses are “required” to adhere to economic and legal responsibilities, “expected” to be ethical, and “desired” to adhere to responsibilities of philanthropy (Carroll & Shabana, 2010, p. 90). In doing so, Husted (2003) argues that corporations can choose different governance structures to engage in CSR. These include making contributions to charities by outsourcing, internalizing charitable efforts through philanthropy, or collaborating using both internal and external charitable efforts.

But, where does this desire to be socially responsible and philanthropic stem from? Batson and Coke (1983) and Cialdini, Schaller, Houlihan, Arps, and Fultz (1987) argue that feelings of giving and philanthropy stem from empathy and the desire to help the needy. Cialdini and colleagues (1987) also note that some CSR is not altruistically motivated, but rather, while corporations (or their leaders) want to avoid feeling bad for not helping, business decisions and management are shaped by influences and motivations beyond the market.

As CSR has given way to corporate citizenship, market-based organizations have demonstrated a moral and values-driven orientation more commonly attributed to the nonprofit sector. Waddell (2000) argues that corporate citizenship is an emerging framework that captures the “systems” perspective of “increasing recognition of the need to engage other communities…[and] to protect and further corporate interest” through a focus on partnerships between corporations and society (p. 110). We argue, therefore, that market-based organizations are likewise borrowing from the nonprofit charitable sector as they seek to advance their place in society through charitable functions of private corporations (File & Prince, 1998). Moreover, corporate philanthropy in particular embraces a similar focus to nonprofit organizations, as it tends to emphasize employee support within the immediate community (Marx, 1999). Where charitable efforts are defined as social responsibility and citizenship, corporations are not only borrowing elements of moral functions from the nonprofit sector, but also demonstrating their interest in reflecting similar nonprofit values. Once again, such values include responsiveness, empowerment, effectiveness, and care (Salamon et al., 2012).

At the same time that organizations borrow elements from the nonprofit sector, both government and market sectors are increasingly influenced by nonprofits, as they too demonstrate characteristics of nonprofitness.

**Nonprofits Influencing Other Organizations**

DiMaggio and Powell’s (1991) prominent theory of isomorphism describes how organizations have the tendency to become more homogeneous to one another. They hypothesize that isomorphic changes occur as agencies interact more with one another, depend on other organizations for their resources, professionalize their field, and rely on a specific relationship or funding source. Given isomor-
phic tendencies, the influence of nonprofit-ness can be seen through the expansion of grantmaking within the federal government and through corporations as they respond to nonprofit values and influence.

Nonprofits are often characterized as taking up what are considered the best practices of organizations within other sectors, including those in the market and governmental sectors (Desai & Snively, 2012). Their public role alongside government and markets forces nonprofits to balance their purpose as trustworthy service providers, advocates, or innovators, while also conforming to an environment that increasingly moves them toward being competitive and performance-driven (Eikenberry & Kluver, 2004). However, nonprofit organizations are not without their influence on organizations within other sectors.

Alongside government, nonprofits readily assert their roles as “mediating structures” between government and individuals (Berger & Neuhaus, 1977). As organizations that stand between the state and individual, private lives, nonprofits have acted to translate and assert the values of individuals and groups throughout society. As nonprofits act as organizers of community and collective thoughts, nonprofitness has influenced the ways in which government approaches critical public issues and broader social and racial challenges (Bryce, 2012). Given that nonprofits have asserted their role as arbiters of morals and values (Frumkin, 2005), nonprofits “create networks and relationships that connect people to each other and to institutions quite apart from the organization’s primary purpose” (Boris, 1999, p. 18).

Take, for example, community development corporations that engage in networking, outreach, partnerships, and political advocacy on behalf of underserved communities (Glickman & Servon, 2003). In this way they build social capital by engaging stakeholders in working toward mutual or collective goals (Young, 1999) and encouraging “boundary spanners” among nonprofit staff within interorganizational networks (Agranoff, 2007). A by-product of this is that nonprofits, through staff and volunteers, encourage civic engagement and awareness of community needs within the populations they interact with (Boris, 1999).

Further, nonprofits often build social capital alongside government in the form of research, advocacy, and financial donations for alternative programs addressing societal problems. Through these types of efforts, nonprofits are often touted for providing local solutions to societal problems as a “powerful alternative to the ongoing search for uniform national solutions to public problems” (Frumkin, 2005, p. 19). This is likewise seen at the federal government level, where agencies have readily increased their grantmaking to state and local entities, as well as to nonprofit organizations and community groups, in an effort to be responsive and effective in addressing local challenges (Dilulio, 2003; Minow, 2002).

Through the reliance on “government by proxy” and extensive federal grantmaking (Dilulio, 2003, p. 1271), the government has taken on a philanthropic role by combining both values and responsiveness in attempting to place resources closer to the organizations and entities who can best help those in need. As a result, the influence of nonprofits extends beyond the roles and activities of grantmaking to include feedback loops that connect nonprofit organizations and government in an information exchange that includes advocacy, awareness, and organizational change (Senge, 1990; Van Slyke & Roch, 2004). In all, nonprofitness provides multiple benefits to governmental entities through problem identification, values responsiveness, and facilitating different forms of public and private interaction (Gazley, 2008; Gazley & Brudney, 2007).

Nonprofitness influences not only the government sector, but also the market sector, where corporations that work alongside nonprofits may adapt their work and role as a result of nonprofit interactions. Arya and Salk (2006) found evidence that through cross-sector alliances between nonprofits (nongovernmental organizations or NGOs) and corporations, the
multinational corporations in the study were compelled “to adopt or even create voluntary codes of conduct and infuse the firm with the knowledge, know-how and incentives to behave in ways that will make a genuine difference in sustainable development” (p. 211). Through longer, sustained interactions between corporations and NGOs, it is possible to see how understanding stakeholder interests and values encourage corporations to act with greater responsibility and effectiveness within the broader communities in which they carry out their work.

**Extending the Nonprofit Ethos**

Scholars and practitioners are currently being challenged to think about a maturing paradigm that focuses on “private resources for public good” (Bernholz, 2013, p. 2) by combining both social and economic dimensions (Skelcher & Smith, 2014; Van Til, 2008). In turn, research has begun to look more closely at how the sectors are blurring and specifically how the growth of new private sector organizations seeks to harness private resources for the public’s benefit through hybridity (Van Til, 2008). Hybridity shifts the single-sector perspective away from the traditional exclusive government-nonprofit and funder-nonprofit models toward a more inclusive model of the delivery of public or community goods, services, and activities. Practices associated with social entrepreneurship are emerging, as both social enterprise and innovation demonstrate how nonprofitness extends to organizational behavior and structure inside and outside the traditionally conceived nonprofit sector.

Given the popularity of the social entrepreneurship and enterprise frameworks, new organizational structures that blend the institutional logics of the state (e.g., democracy) and the market (e.g., capitalism) represent an evolving, paradigmatic shift in community. This shift may be characterized by traditional notions of government and/or of nonprofit and philanthropic institutions handing ownership of what’s considered the public good over to broader civic interests characterized by the need to include a social purpose and a meaningful workplace as an organizational value. Social businesses allow for a dual bottom line, production of profit, and the creation of societal good (Hurst, 2014; Kanter, 2011).

The new hybrid firms, also known as socially responsible businesses, include the moral and value considerations typically associated with nonprofitness (Hurst, 2014). Kanter (2011) posits that companies can be vehicles for accomplishing societal goals and providing purpose to owners and workers while making a profit. For example, in the past five years, we have seen new legislation across the United States allowing for hybrid companies that capture the essence of nonprofitness while keeping a private form to allow for profit making.

The *benefit corporation* (or B Corporation) requires that corporate shareholders agree to some types of social benefit as the corporate overlay (i.e., general or specific purpose). In addition to the B Corporation legislation, a nonprofit organization called B Lab has shaped the B Corporation movement as it gains some traction across the United States.¹ B Corporation shareholders are tasked with considering the voice of stakeholders in developing the corporate public benefit within the purpose statement. For example, the B Corporation may specifically seek to make changes in health care dealing with catastrophic health concerns, reduce poverty with service to low-income individuals through products and services, support economic opportunity through job creation, engage in the protection and restoration of the environment, or promote arts and sciences and the advancement of knowledge (Murray, 2012).

Hybrid corporations or social enterprises are co-creators of profit and social value driven by considerations for public interest and social good. They are organizations that may or may not take a lower return on financial investment in order to produce on social mission (Sabeti, 2011). Beyond nonprofits that informally characterize their work as social entrepreneurship, hybrids are quickly being formally institutionalized and legalized as legitimate organizations that have nonprofit-type purposes and market-
like structures (Bernholz, 2013; Hurst, 2014; Saberi, 2011).

Another example of hybrid organizations can be seen with the low-profit limited liability company (L3C). The L3C is a hybrid between nonprofit and for-profit firms. The firm has a double bottom line: it is a profit-seeking, not profit-maximizing, firm that has a social orientation. In other words, it is an organization that combines or supports a social mission with market-oriented methods (i.e., social enterprises that are organized as an L3C do not maximize profit). Instead, these firms reduce the profit received and take a lower profit return on the investment while allocating the remaining profit to invest in social good (Murray, 2012). New organizational models like the L3C may achieve lasting social benefit and environmental well-being alongside economic prosperity because they capture the essence of nonprofitness at the corporate formation to either produce a social benefit or divert profit to a social good.

An interesting example of an L3C is MOOMilk (Maine’s Own Organic Milk), an organic milk cooperative of dairy farmers set up between farmers as a L3C to produce local organic quality milk and sell to retailers who prefer to buy locally. The objective was to capitalize on the L3C model, which would allow the cooperative to be sustainable and eligible for loans and grants initially, and then sales would allow for long-term sustainability. However, MOOMilk closed in 2014 due to soft demand for the product and capital expenses that did not allow for the viability of the cooperative.2

As social enterprise and entrepreneurship become institutionalized and commonplace, hybrid organizations in such forms as B Corporations and L3Cs have the potential to gain greater legitimacy. Since such organizations are neither exclusively nonprofit nor for-profit, taken together, these types of hybrid enterprises generate their own resources and co-create social good to meet organizational mission and values. Socially minded business people as well as legislative bodies becoming more interested in the co-creation of financial return and societal good. While Sisodia, Wolfe, and Sheth (2007) disagree with the hybrid classification and claim firms may indeed have a heart to pursue a social mission and profits simultaneously, the trajectory of various for-profit and nonprofit models allows for the creation of new norms or social values beyond the traditional nonprofit sector. Here the constraints and endowments of moral authority and values can be observed as nonprofitness extends into emerging organizational forms.

Through the pursuit of developing opportunities and continuing organizational adaptation and learning, a new accountability is created for the production of social outcomes outside traditional government, market, and nonprofit structures. Such organizational structures are on the rise as socially driven organizations seek to overcome survivability issues by being able to seek and receive venture capital from donors, private investors, and philanthropic foundations when and where program investments or missions align. A challenge to these types of organizational structures is that new ventures need adequate resources to not only be sustainable, but thrive and succeed (Mollick, 2014).

In addition to formal organizational models, other vehicles such as crowdfunding and social impact bonds are also advancing the creation of social good through a similar model of generating private resources (Belleflamme, Lambert, & Schwienbacher, 2014; Bernholz, 2013; Liebman, 2011; Mollick, 2014). These include individuals, companies, and agencies forming public-private partnerships and other arrangements to support social change. These joint ventures, such as public-private partnerships, sometimes operate with or without the influence of nonprofitness, including: moral authority and other expressive values, which give structure and shape to such efforts. Given the context of emerging structures and vehicles for social good, public administration and public policy programs will need to consider the wide array of tools through which social value and change are being delivered.
Looking ahead, we next provide recommendations for programs to provide an integrated curriculum that captures the reality of publicness and privateness, as well as nonprofitness.

**EDUCATING STUDENTS IN AN INTERSECTORAL WORLD**

To this point, a framework for inter-sectorality proposes using an expanded publicness-privateness theory to include a distinct context for nonprofitness. These distinctions are illustrated in the previous section, which discusses the presence of nonprofitness in the governmental and market sectors as organizations are influenced by the moral authority and values that endow and constrain nonprofits.

In turning to the individuals who work across sectors, organizations, and hybrid environments, we contend that the intersectoral nature of their work is not likely to change in the near future. Professionals from the three sectors often do and can expect to continue to cross boundaries as they carry out their work in a context that includes organizations with varying institutional logics, structures, and missions (Knutsen, 2012). Accepting the assumption that the extension of practices and attributes within sectors has practical implications as they are applied across sectors, we encourage an expanded conversation on how to continually develop education for students of public administration. Drawing on the significance of inter-sectorality, we continue our discussion on the implications of the borrowing of elements from nonprofits, the normative influence of nonprofits on other sectors, and the extension of the dimensions of the nonprofit sector to other organizational structures and forms.

Schools of public affairs, public administration, and public policy help build the capacity of public organizations by educating and training the professionals who are the pre-service and current workforce or management. Given the degree to which organizations are borrowing the legal, political, market, and moral/value-driven domains of different sectors, we encourage developing the civic capacity of professionals more broadly to encompass socially oriented activities across institutions, communities, organizations, groups, and individuals. So whether or not a professional serves as the executive director of a foundation affiliated with a governmental entity, or a private foundation originating from a corporation, that professional will have the knowledge to operate in a nonprofit organization within a public or private context.

The basis of this orientation already exists as part of the Network of Schools of Public Policy, Affairs, and Administration (NASPAA) accreditation process, which requires that programs instill public service values in five core competencies. However, the competencies encourage schools to impart skills that enable students to operate in the public governance realm by embodying a public service perspective as well as acknowledging the importance of public policy and citizen engagement more broadly. While NASPAA is not definitive on the relationship between public and nonprofit organizations, these domains are equally applicable to nonprofit professionals as well as to other boundary-spanning individuals who may work with or for different organizations.

In a similar vein, the Nonprofit Academic Centers Council (NACC)—a nonprofit schools member organization—has developed its own curricular guidelines for graduate and undergraduate programs in the areas of nonprofit leadership, the nonprofit sector, and philanthropy. NACC’s curricular guidelines are not only relevant to specific nonprofit programs, but also serve as a guide for other disciplines seeking to introduce and offer specializations in nonprofit studies.

For their part, NACC proposes 16 core guidelines with multiple subsections germane to schools of public administration and public policy. For example, some guidelines highlighting the values and practices of the sector include “History and theories of the nonprofit sector, voluntary action, and philanthropy; Ethics and values; Public policy, advocacy and social change; Leadership, organization, and management; [and] Assessment, evaluation and decision-making methods”
These guidelines acknowledge the accepted practice of regular interaction between government and nonprofits. Topics include how and why the nonprofit sector emerged, nonprofit advocacy for social change in the political process, and the promotion of values of voluntary action such as service, civic engagement, social justice, or freedom of association. Knowledge in these curricular domains is essential for professionals to carry out their work regardless of sector.

Moving past general knowledge, professionals are experiencing the daily influences of intersectorality and thus need tangible skill sets that enable them to navigate the complex world of cross-sector organizational interactions. Where nonprofits influence the way the public sector approaches and addresses complex social issues, nonprofit professionals benefit from the research being done within nonprofit and interdisciplinary scholarship. Bennis and O’Toole (2005) once criticized top Master of Business Administration programs and their faculties for being out of touch with American businesses and losing their multidisciplinary approach. Similarly, O’Neill (2007, p. 175s) argued in his keynote address to nonprofit leaders and scholars that professionals’ roles and experiences in society should be “the driving force, the ultimate test, the touchstone of excellence and relevance” that spurs university educational systems, rather than the narrow research interests of faculty or academic traditions.

Recognizing that public administration, public policy, and nonprofit scholarship give shape to the discussion on inter-sectorality, we should nevertheless make this scholarship relevant to professionals in our programs. Through cases, classroom or community-wide simulations, community service projects, and other experiential learning techniques, professionals can develop perspectives on the ways nonprofit organizations influence the work of government and the private sector and vice versa. Professionals can also experience how to respond and make decisions in using specific details in myriad situations.

In the field of public administration and policy, several free resources give educators pedagogical sources for their classrooms. These sources include Rutgers University’s online database of over 1,000 cases and simulations and Syracuse University’s website, which emphasizes collaboration and network governance. What is increasingly valuable about these and other similar resources (e.g., the Electronic Hallway at the University of Washington) is that they are moving public affairs education beyond single-sector thinking and framing the multisector approach to solving complex “public” problems. They also provide relevant and timely ways to think about the shape and impact of intersectoral responses to social issues, such as environmental change, community development, and marginalized populations in both domestic and international contexts. In essence, cases and simulations open up a space for professionals to discuss and acknowledge current organizational realities that are influencing the values, behaviors, and standards of practice occurring in the field.

As a way to ensure that professionals engage with inter-sectorality in coursework, seminars are useful for stimulating interest and expertise in specific topics affecting nonprofit organizations. Given the existing extension of nonprofit values and activities through emerging organizational forms, it is important for professionals to learn about managing mixed financial resources stemming from government contracts (e.g., pay for success programs), private sector donors (e.g., social impact bonds), and other nonprofit and philanthropic grants (e.g., social value creation). Organizations driven by social value propositions need to define and articulate performance goals while reporting on the financial and social bottom lines that satisfy corporate rules and regulations, as well as society’s expectations for moral and value considerations.

Such seminars on financial management, when combined with more traditional courses on program evaluation that target cost-benefit analyses and impact evaluations, may do well to educate professionals. Another seminar topic may include an introduction to public-private partnerships,
which broadly encompasses the areas of accountability and collaboration in contracting out for goods and services. Where expertise is necessary or desired, advanced contracts and procurement seminars can complement courses on partnerships, especially where students are interested in pursuing careers in procurement at the federal, state, or local levels or careers as grants managers within philanthropic or community foundations. A seminar focusing on the spirit of social entrepreneurship, where professionals can refine their interests in private action for public good, may complement courses in nonprofit management and civil society.

While social entrepreneurs are often held out as change agents seeking to create and sustain large-scale social value through their work (Dees, 2004), professionals must be encouraged to engage with others most affected by the social issues they intend to address in their professional work. Classes focusing on practicing democracy, citizen engagement, participatory governance, and advocacy—and including new forms of government including e-government (e.g., electronic town halls), participatory budgeting, and co-governance structures—will allow professionals to understand that citizens have a voice in the social sector that can be encouraged through new models of participatory governance.

In considering the ways that nonprofitness is extending nonprofit values and activities in civil society (e.g., through social entrepreneurship, L3Cs, and B Corporations), it is also important for professionals to learn how to implement an environmental scan. An environmental scan allows individuals to identify areas of overlap or opportunity before creating their own nonprofit or hybrid organization. In-class projects, service learning, and internships will help students look at current organizations that are working in their field of interest (Simon, Yack, & Ott, 2013) and determine where gaps exist across sectors. However, as this field of study continues to develop alongside a dynamic environment characterized by change, innovation, and social need, faculty must continue to complement course offerings by facilitating regular interaction with actors in the field.

One way of identifying the skills necessary to long-serving professionals is to invite speakers who engage in intersectoral work through collaboration or partnership, CSR and community development, or contracting out between the sectors. Current professionals may provide students with a foundation for thinking about how they approach their work and recommend what does or does not work within cross-sector relationships. Further, guest speakers can act as conduits for storytelling and appreciative inquiry to better inform emerging professionals.

Cunningham, Riverstone, and Roberts (2005) maintain that stories speak to all because they stimulate listeners’ brains and emotions, and therefore can encourage students to actively engage in the learning process themselves—what Cunningham and colleagues call “direct[ing] learners to the fish in the water” (2005, p. 47) versus studying the dead fish in the lab. As suggested in research on the “classroom-as-organization” (see Putzel, 1992), students want to engage in learning materials as if they are alive and even take an active role in creating the learning environment. This may involve moving outside the classroom to engage in the locations of nonprofit organizations and their respective meeting places (e.g., the offices of community foundations, local nonprofit membership organizations, or nonprofit associations).

At the same time as educators meet professionals in the classroom and begin the task of translating inter-sectorality into its practical realities, we suggest that normative conversations about organizational structures, logics, authorities, and values are significant to connecting theory and practice. Researchers from other academic fields have argued that perhaps educators should also focus on developing communities of practice, where the focus is on common purposes rather than organizational forms (Agranoff, 2006; Dees & Anderson, 2003; Paton, Mordaunt, & Cornforth, 2007). Professionals who work within or across sectors should become familiar with the expectations of employees in public, private, or nonprofit sector organizations, in where they differ or are similar as well as in where
they conflict. No two sectors act the same in how they treat or perceive professional behaviors, and educators would do well to highlight the values that are imposed differently across organizations or individuals within different sectors (Schultz, 2004, p. 292).

Through our recommendation to shape public administration programs with an intersectoral framework, we encourage professionals to consider all possible means through which social change and innovation are carried out. Whereas the instrumental dimensions (e.g., adapting organizational structures to make task accomplishment easier and more efficient) and the expressive dimensions (e.g., the moral authority and values that underlie a normative nonprofit ethic) of nonprofits play out across the organizations’ work, both roles are also increasingly found in governmental and market contexts. Supporting the development of professionals who appreciate and integrate organizational dimensions from different sectors helps contribute to a vibrant and effectual civic orientation.

CONCLUSION

Given the ongoing presence of hybridity and complexity across the organizational fields, it is increasingly important that scholars and students examine organizations as they exist along the publicness-privateness continuum in order to understand how these agencies are “interacting to produce public and private outcomes” (Wise, 2010, p. s166). However, it is also valuable for scholars and students to recognize the extent to which nonprofit and civil society organizations interact with and move beyond the traditional market and government paradigms. In this article we argue there is a growing level of intersectorality among organizations; we therefore focus on the distinctiveness of nonprofitness as a theoretical construct and central theme. This emphasis leads to varying implications for theory, education, and professional practice.

We first acknowledge that the nonprofit sector continues to diversify and connect with the government and market sectors in the delivery of goods and services. We contribute to the literature by building on the integrative publicness framework (Bozeman & Moulton, 2011) to incorporate a non-profitness component. While some scholars have referred to the term non-profitness broadly (Dekker, 2001; Knutsen & Brock, 2014), we extend their work by aiming to conceptualize and construct a theory of non-profitness that draws upon the degree to which nonprofit organizations are affected by moral authority based on their purpose(s) and expressive or instrumental dimension orientations (Frumkin, 2005; Salamon, 2012). We maintain that non-profitness is a critical part of the larger conversation regarding intersectorality and the degree to which organizations are shaped by various aspects of publicness, privateness, and non-profitness.

Through the literature and examples, we suggest that public and private organizations are borrowing from, being shaped by, and extending traditional nonprofit structures and behaviors in order to accomplish their purposes. Thus, we argue that given contemporary manifestations of non-profitness, our public (and nonprofit) administration and public policy programs must prepare students for success in an intersectoral world. Teaching today’s professionals about non-profit organizations and the value propositions that form the basis of these organizations allows students of public (and nonprofit) administration to navigate the blurred intersectoral lines. Whether students pursue careers in professional or academic settings, their ability to recognize and appreciate the differences across public, private, and nonprofit organizations is paramount to avoiding the perception and reality of insignificance for sectors that are blending, blurring, and bending (Waddell, 2000).

We encourage future research that continues to examine how non-profitness crosses intersectoral boundaries in theory and practice. Future work should build and expand this discussion as well as allow for empirical testing of the non-profitness construct across organizations and organizational fields. Given the varying institutional logics and values that nonprofits adopt, an interdisciplinary approach to studying and
teaching inter-sectorality is needed to both acknowledge the existence of organizations at both the extremes and in the middle of the publicness-privateness-nonprofitness continuum.

NOTES

1 Information on states with enacted benefit corporation legislation can be found at http://benefitcorp.net/.

2 They called themselves a cooperative but used the L3C organizational structure. For more on the closure of MOOMilk, see http://bangordailynews.com/2014/05/16/business/maine-organic-milk-producer-moo-milk-to-close/.


4 See Rutgers University at https://pagateway.newark.rutgers.edu/about and see Syracuse University at https://www.maxwell.syr.edu/parcc_eparcc.aspx.

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