

A New Theory *of* U.S. Nonprofits *in a* Democracy Gone Awry

by Elizabeth A. Castillo

A RECENT PANEL SESSION AT A CONFERENCE OF scholars reminded all present why this sector is more defined by what it is *not* than what it *is*. Members of the panel had been invited for their knowledge of social and political history and their understanding of the sector as it now exists.¹ The session was fascinating for its tracing of the theories of purpose that have been applied to the sector; at the same time, it reinforced the need for a more unifying central theory.

This article shares exploratory research on new ways to think about the emergence and

trajectory of the nonprofit sector. It also considers how these perspectives might help us to better understand the democratic nature of the sector and its unique role in democracy as a locus for constant improvement on what is—with the best interests of both the commons and the margins in mind.

The Importance of Theory to the Nonprofit Sector

Some readers may wonder why nonprofit theory matters when there is so much work needing to be done on the ground. While there are many reasons why theory is useful and why getting it right is vital, here I focus on the three reasons with the most impactful consequences for people in the sector.

First, like all institutions, *philanthropy and the nonprofit sector rely explicitly and implicitly on conceptualizations to guide their choices and actions*. Explicitly, this shows up as formalized logic models and theories of change that undergird resource investment decisions and policy choices. When logic models are based on inaccurate conceptualizations, we should not be surprised when the policies and programs developed from them fail. Here, theory is no longer academic—it has real impact on the people nonprofits serve. Further, we all operate with implicit

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mental models of how the world works. A multidisciplinary and critical approach to building theory helps to surface assumptions that lead to errors. For example, had people critically examined the assumptions behind the practice of using indirect cost rates as a proxy for organizational effectiveness (a practice based on economistic management theories like transaction costs²), that misinformed trend might never have gotten off the ground. However, many people uncritically accepted that a theory from the business realm would be equally applicable to the non-profit sector.

Second, *theory enables us to recognize and make sense of complex patterns*. It allows non-profit organizations to get a bird's-eye view of the operating landscape rather than stumbling along at street level. It also helps justify things that leaders know intuitively but may be hesitant to implement because they run counter to market logic. An example is investing in professional development for employees. While economistic theories rationalize cost/benefit approaches to decision making and dispute the value of investing in employees, employee engagement theories provide empirical support for the wisdom of employee development, because it sets off a cascade of increasing returns to the employee and the organization.

Finally, *theory impacts how our world gets structured*. When the Ptolemaic view of planetary motion was replaced by Nicolaus Copernicus's model, which in turn was surpassed by Kepler's, Newton's, and Einstein's models, these new understandings didn't change how the planets moved. In contrast, social science theories generate a double hermeneutic: a two-way action effect, where theories guide our actions and those resulting actions shape the world—often in ways that become self-fulfilling. For example, economistic management theories make assumptions that people are self-serving and opportunistic and therefore must be monitored closely. However, substantial evidence shows that such attempts to reduce the autonomy of workers through control and surveillance actually make workers less, not more, trustworthy. Rather than questioning the theory, the



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results are used as evidence that even stronger controls are needed. Similar patterns can be found in criminal justice, school discipline, and child development.

Challenges of Building Nonprofit Theory

Thinking back on the presentations at this panel as a whole, a few themes stand out—especially, the problem of multiple levels of analysis; the need for interdisciplinary thinking; the central role that subjective factors (e.g., values, identity, norms) play in shaping the sector; and the importance of accounting for context and power relations. (See sidebar on pages 24–26 for summaries.) Regarding multiple levels of analysis, virtually all the scholars touched on the interdependent and embedded nature of the sector. For example, it is challenging to assess organizational impact, in part because it arises from the interactions between an organization, its partners, the policy environment, and individual stakeholder contributions. This is a thorny problem for researchers, who are trained to isolate parts of a system so as not to confound results of their causal models. While this reductionist approach works well in the physical sciences, in the social sciences it leads to the omission of essential information (e.g., interaction effects across levels) needed to understand the phenomenon being studied.

Similarly, academics have been trained to discount subjective aspects of a phenomenon and stick to what is “objective” and measurable. Increasingly, however, scholars recognize that reality is co-constructed and therefore requires methods that can accommodate subjectivity as part of the dynamics being studied. Potential remedies to both the multilevel and subjectivity problems include using complexity science approaches³ such as process studies,⁴ multilevel analysis,⁵ multilevel modeling,⁶ and computational science (e.g., agent-based modeling)⁷ to capture and account for expressive and legitimating aspects of sector dynamics (such as values and norms, as well as systemic effects like emergence and self-organization). A complexity science approach is necessarily interdisciplinary, because no single discipline

alone can understand a complex system. Like a cubist painting depicting many aspects of an object simultaneously, scholars from different fields must collaborate with practitioners to understand the interdependent nature of nonprofit organizations and civil society.

Perhaps most important, nonprofit theory must attend holistically to power dynamics. Rather than relegating the study of power to political scientists, both scholars and practitioners must learn to see power as a current that runs through—and shapes—all aspects of organizations and systems. Work in progress by Eva Witesman and Curtis Child offers a promising approach;⁸ they are using institutional analysis to decipher how factors such as biophysical and material conditions, participant diversity, community attributes, and laws and governance rules shape organizational forms and options for action.⁹ Critical theory similarly attends to boundary spanning, mutual influence, and non-market norms such as care—all hallmarks of the nonprofit sector often marginalized by market logic.¹⁰

Conventional Nonprofit Theories—Borrowing from Other Disciplines

In their presentation, Megan LePere-Schloop and Rebecca Nesbit explained that nonprofit studies in many ways is an amalgam of disparate and often conflicting theories derived from multiple disciplines over various time periods. This mishmash creates a certain amount of chaos in public understanding, regulation and advocacy, and practice. Similar to the parable of the blind men and the elephant, nonprofit theories may seem contradictory because they highlight a particular aspect of the sector (e.g., service delivery, voice and advocacy, collaboration) rather than the gestalt. Theories may also appear to conflict because they focus on different units of analysis (e.g., individual, organization, civil society). Additionally, many theories used in the sector were borrowed from other fields. Thus, they may rely on invalid assumptions.

It is time for the nonprofit sector to start questioning the economic suppositions that guide how organizations are managed and resource

investments are made. One reason that market logic became dominant is that business and management theories offered a cohesive narrative about how the world works (e.g., competition, trickle-down benefits). The nonprofit sector has failed to develop its own cogent narrative, primarily because we do not yet have clarity about the way complex social dynamics work. The scholars on this panel outlined some ways these impediments might be overcome. By paying attention to theory building, we can reorient the world to humanistic management practices and create an economy that works for all.

Nature as a New Conceptual Model

Could our theoretical impasse stem from building our theories on egocentric rather than ecocentric foundations? Looking at how nature organizes may open up new horizons for insights on phenomena such as resource flows, exchange processes, organizing, and cooperation across multiple scales. A starting point is thermodynamics. For example, biologist Harold Morowitz asserts that “the flow of energy through a system acts to organize that system.”¹¹ As a system experiences positive feedback (recursion), it sometimes reaches a threshold that can generate a qualitative change in state, leading to reconfiguration of the system. The phase transition of water turning to steam when boiled is one example. Such transformations occur as a way to enhance energy flow by creating a new channel between environmental inputs and outputs. What if we considered the emergence of the nonprofit sector and hybrid organizations as the development of qualitative state changes (phase transitions) that occur as a way to release the buildup of energy?

In a similar vein, ecologist Howard Odum’s maximum power principle posits that nature self-organizes in ways that expand degrees of freedom so as to produce increasingly higher qualities of energy.¹² His early analysis of energy flow in ecological systems found that nature passes on only a small portion of the energy from one trophic level to the next.¹³ Initially, Odum was surprised by this, seeing it as energetically inefficient. However, with further analysis he came to understand that nature was not wasting energy

but rather storing it for future use. He found that some of the remaining energy was distributed to the environment in ways that could be reclaimed later to benefit both an organism and its environment.

For example, trees’ fallen leaves are processed by microorganisms, providing nourishment for them while at the same time enriching the soil in which the trees grow. How might this model be useful for thinking about civil society as a storage substrate that can be drawn upon in the future as needed? The maximum power principle suggests that organisms optimally process energy by balancing trade-offs—namely, the tension between maximizing energy conversion and minimizing the time it takes to convert the raw material into energy. Prevailing designs balance these trade-offs in ways that contribute to power maximization of the system in which the organism is embedded.¹⁴ A bio-inspired framework can also be informed by developmental systems theory. For example, Gilbert Gottlieb’s theory of probabilistic epigenesis hypothesizes that an organism’s development is a process of bidirectional coaction—a two-way causal process where, for example, the environment shapes the developmental potential of the organism while the organisms’ actions also shape the environment.¹⁵ This in turn expands or constrains potential trajectories for the organism and future generations of the organism’s lineage.

As these three examples suggest, adopting a functional approach to sector analysis may open up new theoretical horizons. Progress in theory building is often stymied because of initial failure to construct adequate definitions and descriptions.¹⁶ By focusing on function, both in terms of its biological definition (*what something does, what results that action produces*) and its mathematical definitions (*the process or relational association between members and sets, or the relational association between an input and an output according to some rule*), we can help move our descriptions from abstract to concrete. Additionally, such an approach can reduce semantic confusion. For example, words such as *welfare* have different meanings depending on one’s political leanings. Even if operationalized clearly, words carry interpretive baggage.

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A functional approach transcends these issues.

Finally, evolutionary biologists consider functions to be mechanisms for fitness (the ability of an organism to survive and reproduce). A bio-inspired framework grounded in the functions of exchange (how an organism gets resources from the environment) and metabolism (how the organism processes resource inputs and disposes of those processed materials) can lay the foundation for new understanding. For example, symbiosis (e.g., parasitism, commensalism, mutualism) could be used as a model to understand organizational forms as a continuum rather than as static types. Similarly, the Millennium Ecosystem Assessment's framework is another promising model.¹⁷ It outlines four core functions of an ecosystem in terms of supplying human needs: *provisioning* (providing resources that help humans survive, such as clean air, water, and material goods); *supporting* (processes that make provisioning possible); *regulating* (actions that dampen or amplify supporting and provisioning processes); and *cultural* (e.g., spiritual, aesthetic, educational, recreational, and meaning making).¹⁸ My preliminary analysis suggests that the form of an organization relates to the type of exchange it employs, the degrees of freedom it develops for itself and others, and the extent to which it distributes resources back to the environment for its own future benefit and that of the systems in which it is embedded.

Implications for Democracy

While these bio-inspired ways of thinking about the sector open up new prospects for building theory, it's also worth considering what they could mean for governance and civil society. Democracy rests on the notion of popular sovereignty—that is, a government's authority is derived from the people who agree to be governed in exchange for protection and promotion of their well-being and rights. In a liberal democracy, these rights include individual freedoms like self-expression, voluntary association, and political participation. Governmental abuse of authority is kept in check through rule of law—the collective agreement to use principles rather than personal whims to guide decision making. These principles are

typically spelled out in a constitution. Everyone—including the government—is supposed to be subject and accountable to these laws. Key aspects of rule of law include equality before the law, checks and balances on the use of power, and transparency (e.g., that people know the rules of the system, that judicial processes follow those rules). A benefit of this principles-based approach is that—if followed by all, and if the principles are in fact equitable—it produces stability and predictability for both the society and its members.

However, democracy is not self-maintaining nor inherently equitable. It is therefore subject to destabilization. To prevent this requires ongoing attention to ensuring freedom, equality, and social cohesion, the conditions under which democracy flourishes. In the United States and other countries, democracy is threatened by social polarization (the erosion of trust and cooperation) and regulatory capture (lawmaking guided by special interests rather than the common good, usually in nontransparent ways).

How might a bio-inspired approach to theory building help address these perils? A starting point is that an ecologizing approach to theory provides a clearer definition of *power* (the rate at which energy is transferred). This in turn helps us to recognize that what we typically refer to as power is actually *control*—the ability to decide the way something will happen.¹⁹ This distinction is important, because in the public domain, the ability to control requires a narrowing of vision that “must destroy or ignore some information in order to facilitate the collecting, processing, and comprehending of other, more purposive information.”²⁰ Such selective vision increases the potential for manipulating people within the system.²¹ As a rule of law becomes beholden to special interests instead of principles, and people are acculturated to value a means (money) rather than an end (individual and collective well-being), these special interests increase their capacity to exert even greater manipulative control over people. Besides the obvious moral concerns this presents by reducing popular sovereignty and autonomy, this type of control also puts the society at risk practically. This is because it reduces access to information needed to guide

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the system effectively through complexity. A consequence is ossification (paralysis) of the system, reducing options for action and inhibiting adaptation to changing conditions.

If an ecological lens helps us to understand these dynamics (e.g., why reduced autonomy threatens democracy), what can it tell us about potential solutions? The answer is twofold. First, nurturing democratic governance requires policies that expand degrees of freedom, because this increases the system's access to information and enhances its information-processing capacity. This in turn expands the system's *evolvability*—its capacity to leverage randomness in ways that generate more options for adaptive solutions.²² A capabilities approach is a policy foundation that can expand a society's generative capacity by activating latent potential.²³ Since all people have inherent talents but much remains dormant due to systemic failures of structural inequality and poverty, designing inclusive policies to develop everyone's capacities (for example, through learning, creativity, physical well-being) is a way to substantially increase the capacity of the society. These benefits then create a stronger foundation for future generations' capabilities development. Additionally, developing capabilities enhances capacity for self-regulation,²⁴ over time reducing the amount of legislative control required.

Second, as autonomy is expanded, conventional control mechanisms become more difficult to impose. To remain stable, then, the system must reconfigure itself (self-organize) through attraction (e.g., remaining aligned through shared values) rather than through force (imposition of order). This self-organization can then generate emergent properties, such as cooperative surplus that increases the developmental capacity of the system.²⁵

What role can the nonprofit sector play in promoting these shifts? While there are several, I'll focus on three. First, the pluralism for which the sector is known²⁶ provides the diversity that is essential to increase the information-absorption and information-processing capacities of the system (society).²⁷ Functionally, the sector serves as an innovation incubator that tests potential solutions for how cooperation can be

maintained under increasingly complex and dynamic conditions. Second, the sector's voluntary nature reflects the principles of attraction, where alignment is maintained through shared values rather than force. This offers a model for other sectors, such as when private-sector firms seek to expand the autonomy of their workers through practices like self-managed work teams and worker cooperatives. Third, the sector's governance practices serve as a model for maintaining a dynamic balance between individual and collective interests under changing conditions. For example, Elinor Ostrom's global empirical research on common-pool resources identified eight design principles for how effective collective governance can be developed and maintained.²⁸ Together, these three roles enable the continuous reconfiguration (renewal) of an economic system along with the civil society in which it grows.



The above analysis suggests how bio-inspired perspectives may generate new insights into the mechanisms and logic underpinning the democratic nature of the sector, as well as its unique role as a place for constant societal improvement that simultaneously promotes the best interests of the commons and the margins. As James Mandiberg noted in the symposium, to wrap our heads around such new ways of thinking requires a paradigm shift. While the biological theories discussed here are very exploratory and need much more refinement, eco-inspired analogies can be a starting point for new ways of thinking about reality. For example, the nonprofit sector can be seen as a medium for mutualistic exchange, where interactions benefit both parties in ways that also produce larger systemic benefits. How might this help us to develop more effective policies for commerce? Regarding power, thinking about systems as self-organizing in ways that maximize efficient power *transfer* (e.g., resource storage, conversions, flows, and cascades) rather than maximizing power *output* at a particular instant in time, suggests new ways of thinking about efficiency and how we can safeguard and develop the future evolvability of our socioeconomic, environmental, and democratic systems.

SYMPOSIUM HIGHLIGHTS

Limits of Current Theories

Richard Steinberg noted that one of the most widely accepted theories for explaining the emergence of the nonprofit sector is the three-failures theory.²⁹ It seeks to answer two questions. The first is values-based (normative): *What activities are best conducted by what kind of actor?* The second is facts-based (positive): *Why are some activities conducted by particular kinds of actors?* Rather than a stand-alone theory, three-failures theory—as Steinberg explains it—is a hybrid of other theories. These include *public goods theory*,³⁰ which posits that nonprofits emerge as a result of market and government failures to produce needed collective goods; *voluntary failure theory*,³¹ which hypothesizes that philanthropic insufficiencies give rise to markets and government; and Hansmann's contract failure³² and overexclusion theories,³³ which claim, respectively, that nonprofits arise when it's costly to obtain truthful information about the quality or quantity of a needed service, or when for-profit firms exclude nonpurchasers unnecessarily.

Steinberg also described elements of theory building and the difference between a theory and a framework. He explains that frameworks are an attempt to give structure to a collection of ideas. They are often the starting point for theory development. However, frameworks are generally too abstract and wide in scope to produce testable propositions about a phenomenon. Restricting attention to a portion of the framework, however, narrows focus sufficiently to develop propositions that can be tested empirically. The data produced by that testing then refutes or lends support to the propositions that make up a theory.³⁴

The framework Steinberg is developing begins by considering whether sectors or actors should be the starting point for nonprofit theory building. Both choices offer advantages and disadvantages. Actors include individuals, organizations, networks, and kinship structures like families. These agents can act alone or jointly. In contrast, a sector perspective starts by making distinctions between for-profit, nonprofit, and government (public) sectors based on their structural features, which then produce differing behaviors in certain environments. Distinctions that can be made to identify sector properties include ownership, the right to distribute profits, and the right to use coercive power. Combining these produces sectoral combinations, such as hybrids, partnerships, and linked ownership forms like subsidiaries and conglomerates that have interlocking governance.

Problems that Steinberg has identified with current theories include the omission of households and families,³⁵ networks,³⁶ and other informal groups. Further, the three-failures theory does not attend sufficiently to operating contexts such as premarket societies, failed states, and

dictatorships. For example, autocratic states sometimes value nonprofits because they attract resources and provide public goods, yet these nonprofits also present potential threats to the power, legitimacy, and ideology of autocrats.³⁷ Other lingering questions include whether legal or functional structure is the right criterion for making distinctions. He also noted that sector labels are associated with beliefs about comparative advantages of each, so we must attend to normative and symbolic meanings that affect how scholars categorize activities of sectors.³⁸ Additionally, current categories do not distinguish between subsectors. For example, the category of "private sector" does not distinguish between proprietorships, jointly owned firms, social ventures, and worker-owned versus investor-owned businesses.³⁹ Similarly, the category "nonprofit sector" does not make distinctions between commercial/donative or trust/corporation forms. Finally, there is the matter of how to judge comparative advantage of the various theories. One possibility is to use instrumental norms (standards that advance achievement toward an end).⁴⁰ Examples of such norms include social efficiency (comparing social benefits to social costs), Pareto optimality (balancing resource allocation trade-offs in ways that optimize payoffs among participants), or social welfare optimality (collective decision making that promotes stable social ordering). Another option is to use legitimating norms (values-based standards). These include expressive goals (practices that give voice to identity and beliefs) and affiliative goals (striving to promote group harmony and sense of belonging).⁴¹ There is also a question of how we should categorize nonprofit organizations that have morally questionable missions, such as those that seek to violate the sovereignty of others (e.g., religious conversion, social marketing) or that exclude certain groups of society.⁴²

The Need for a New Paradigm

James Mandiberg proposed that the limitations being discussed may indicate that we are in the midst of a paradigm shift. He reviewed Thomas Kuhn's three-phase model of paradigm formation.⁴³ He described the first phase as being *pre-paradigmatic*, where many explanations emerge and compete but none is considered dominant. The second phase, called *normal*, sees one explanation becoming dominant even though it doesn't explain everything (and the anomalies it doesn't explain tend to be disregarded/viewed as unimportant). The third phase, called *revolutionary*, sees an increased focus on those exceptions and stimulates a return to many competing explanations.

Mandiberg then outlined the anomalies that the three-failures theory does not address. For example, he noted that diverse economic activity

predates the notions of formal markets, contracts, and government. Like the other scholars, he observed that it also does not account for economic activity generated through the informal economy, household labor, or “dead capital” —assets not easily bought, sold, invested, or valued.⁴⁴ He further noted that many types of organizations reflect an intersection of the three sectors. For example, benefit corporations and mutual organizations such as credit unions can be seen as hybrids of for-profit and nonprofit organizations. Likewise, similar economic activity can be found in two or three of the subsectors, such as healthcare and social services. Sector incorporation has also become more of a strategic than a natural choice, with organizations increasingly adopting complex organizational forms to meet their strategic objectives. As an example, Mandiberg shared the case of a Japanese farm that includes: a privately owned vineyard with workers paid collectively; a nonprofit residence school serving people with developmental disabilities; and a for-profit winery and restaurant owned by the families of the school’s residents.

Mandiberg’s presentation then turned to factors that may be eroding the three-sector norm. These include neoliberalism and its outsourcing of service provision via nonprofit and for-profit organization contracting; the growth of social enterprise; the success of nonconforming economies, such as Chinese military-owned for-profits; changing social and cultural norms placed on organizations; and globalization, because the three-failures theory doesn’t sync with many non-Western contexts.

New Directions: Identity-Based Theories

A key takeaway from the presentations overall is that conventional notions of three sectors and organizational forms and motivations no longer provide sufficient explanatory or predictive power. New theories are needed that can account for different political contexts, coevolution and coproduction, and engagement with constituencies toward stewardship of the commons.

To address these gaps, Julie Langer presented Organizational Identity Orientation as a framework that can potentially explain such anomalies.⁴⁵ At the organizational level, this theory asks, *Who are we in relation to our stakeholders?*⁴⁶ This conceptual model posits that organizations generally see themselves in one of three ways: individualistic, interdependent (relational), or collectivistic. Five analytical dimensions operationalize these in practice.

The first dimension is *locus of an organization’s self-definition*. This means that organizations may see themselves as a stand-alone entity separate from others (individualistic); as interconnected with partners (interdependent); or as part of a larger, impersonal whole (collectivistic). A second dimension is *traits and values*. Individualistic organizations distinguish themselves from other organizations by using superlatives (e.g., “the best”). Interdependent organizations see themselves as connected dyadically to certain others (e.g., a “caring partner”). Collectivistic organizations

define themselves in terms of a larger, more impersonal group or cause. A third dimension is *relational motivation*. This can range from self-interested (individualistic), to benefiting others (interdependent), to prioritizing the welfare of the greater collective (collectivistic). A fourth dimension is *comparison referent*—to whom and how the organization compares itself. Individualistic organizations make comparisons with other organizations. Interdependent organizations compare themselves to a standard. Collectivistic organizations compare themselves to other groups. A fifth dimension is *social value potential*. This can range from seeking to maximize wealth and efficiency (individualistic), to increasing interpersonal understanding and valuing empathy and dependability (interdependent), to generating solidarity and valuing virtues of conscientiousness and fairness (collectivistic).

Langer is currently working on building theory in this area by developing a quantitative measurement model of organizational identity orientation using the five dimensions and three categories to determine how organizational members across different sectors define this aspect of identity. Besides sector analysis, she will also look at factors such as industry type and services that an organization provides, to see if these help explain her empirical findings.

Philanthropy as a Form of Moral Action

Michael Moody began by reminding participants that high-level theory should explain *why* and *what*, not *how*. Questions our nonprofit theories should answer include: *What is this form of action? Why does it exist? and Why do actors choose this form over others?* Effective theories should simultaneously account for both universality and cultural/historical variation; diversity of activity and expression; and anomalies. Ideally, a high-level theory is interdisciplinary, accessible to practitioners, and affirmative.

Moody argued for using *philanthropy as a form of moral action* as the *what*. He operationalized philanthropy as “private, voluntary action intended for the public good,” cautioning that *private* does not mean *asocial*. Because philanthropy (moral action) is dynamic, it likely must be studied as a process—that is, as a form of social action—rather than conceptualized statically through the lens of sector-dependency. For example, he illustrated that philanthropy can be seen as a human response to the human condition, motivated by a vision of “good.” He argued that this framing accommodates philanthropy across diverse activities, in all sectors, and acts as both means and ends.

Moody also sees moral action as an expression of moral imagination that shapes a moral agenda. He asserted that we are essentially moral entrepreneurs who affect others and the public through our voluntary goodness, stating that while not all moral action is philanthropic, all philanthropic action is moral. Further, philanthropy is always cultural in its expression, because it is shaped by cultural and historical understandings

of objectives (means) and goals (ends). It also has both ideal (i.e., perfect, ultimate) types of action, as well as mutable ones that represent cultural expressions change.

Seeking feedback on this exploratory work, Moody outlined some possible critiques and asked for comments from the audience. First, is this conceptualization too donor-centric? Second, is it too microfocused on moral entrepreneurs rather than on the system in which they operate? Third, does it privilege democracies over other political contexts? And fourth, how might this “form of action” theory lead to testable hypotheses?

The Interdisciplinary Nature of Nonprofit Theories

Rebecca Nesbit and Megan LePere-Schloop are working to develop a framework and methodology that categorize how various disciplines contribute to nonprofit research (e.g., sociology, political science, and economics) and what units of analysis they address.

For example, political science questions that inform nonprofit theorizing at the macro level (society and the sector) include: How does the sector fit into larger political systems and/or the political economy? How do nonprofits shape political processes and their outcomes? Why are some goods and services provided by governments and others by nonprofits? Political science theories that inform these questions include the market model of democracy, pluralism, and civil society and the state.

Questions at the meso level (networks, coalitions, communities, and organizations) include: How do nonprofits work in tandem or in conflict with other actors to shape activity at different stages of the policy process? What political roles do individual nonprofit organizations play? Here, nonprofit scholars employ political science theories like political contestation, advocacy coalition framework, and nonprofit political roles (e.g., advocate, service provider, watchdog, policy formulator).

At the micro level (individuals), nonprofit scholars examine questions such as: How do nonprofits shape individuals’ political attitudes, knowledge, and behavior? For insights, they draw from theories such as political behavior (attempts to influence, or escape the influence of, others); political and social capital (power and relational resources); political socialization (the shaping of values and beliefs); associationalism (voluntary democratic self-governance of society);⁴⁷ and political evaporation (apathy about public affairs and discourse).⁴⁸ Besides creating a framework to classify major theories of the sector, identify disciplines they draw from, and articulate the types of questions they seek to answer, LePere-Schloop and Nesbit’s work will also advance nonprofit theory building by illuminating assumptions that lie beneath each discipline’s conceptual models. This should yield insights into the nature of the contradictions and identify ways they might be reconciled to advance theory and enable more robust empirical testing of theoretical propositions.

The Emergence and Hybridization of the Nonprofit Sector

Rikki Abzug presented an overview of the history and prehistory of the sector, beginning with clans, kingdoms, and sects (pre-500 CE), and moving to the Roman Empire (circa 500 CE); medieval joint-stock companies (1300s); English charitable uses, trading companies, and colonies (1600s); and the emergence of the distinction between the public and private sectors (1800s). She then outlined some reasons for the growing confusion about how many sectors exist and what constitutes and defines each sector—for example, business (for-profit); government (public); nonprofit (NGO); informal, underground, and black market; familial, reproductive, and household; and religion. To make sense of how these categories relate, she presented a matrix overlaying the categories both vertically and horizontally, proposing that their intersections offer new explanatory insights. For example, socialized health- and childcare can be seen as the intersection of the household and government sectors. Corporate foundation giving can be seen as the intersection of the nonprofit and for-profit sectors.

Abzug then outlined a few other ways to make sense of the origins of the sector. From an economic perspective, she presented a progression that showed a primary sector (agriculture, mining, natural resources) giving rise to a secondary sector (manufacturing, engineering, construction), making possible a tertiary sector (service industries), quaternary sector (education and research), and quinary sector (high-level decision makers like government and industry, and perhaps the emergence of global elites). From an historical-political perspective, she used the United States as an example to show how tariff and tax legislation from the 1800s to the present day yields insights into the invention and evolution of the nonprofit sector.

Abzug closed by illustrating how differing analytical approaches produce different insights. For example, a continuum perspective on organizational forms starts with traditional nonprofits and progresses to those with earned income activities, then social enterprises, on to socially responsible businesses and corporate social responsibility, and ends with traditional for-profit businesses at the opposite end of the spectrum. Conversely, a multiple-sectors perspective—using Venn diagrams inspired by Kim Alter, Jack Quarter, and Laurie Mook—shows how the social economy can be understood as a combination of the public sector, private sector, and civil society organizations. Where these sectors overlap gives insight into the different forms of the social economy. For example, public benefit nonprofit organizations represent the intersection of civil society organizations and the public sector; social enterprises can be seen as the intersection of civil society organizations and the private sector; and community economic development can be seen as the intersection of all three sectors.

The author thanks Clint Penick and Dayna Baumeister at Arizona State University's Biomimicry Center for their suggestions on the bio-inspired portions of this article.

NOTES

1. Curtis Child, Eva Witesman, Rikki Abzug, Elizabeth A. Castillo, Megan LePere-Schloop, Rebecca Nesbit, Julie A. Langer, James M. Mandiberg, Michael P. Moody, and Richard Steinberg, "The State of Nonprofit Theory," colloquium presented at the 47th annual conference of the Association for Research on Nonprofit Organizations and Voluntary Action, Austin, Texas, November 15, 2018.
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