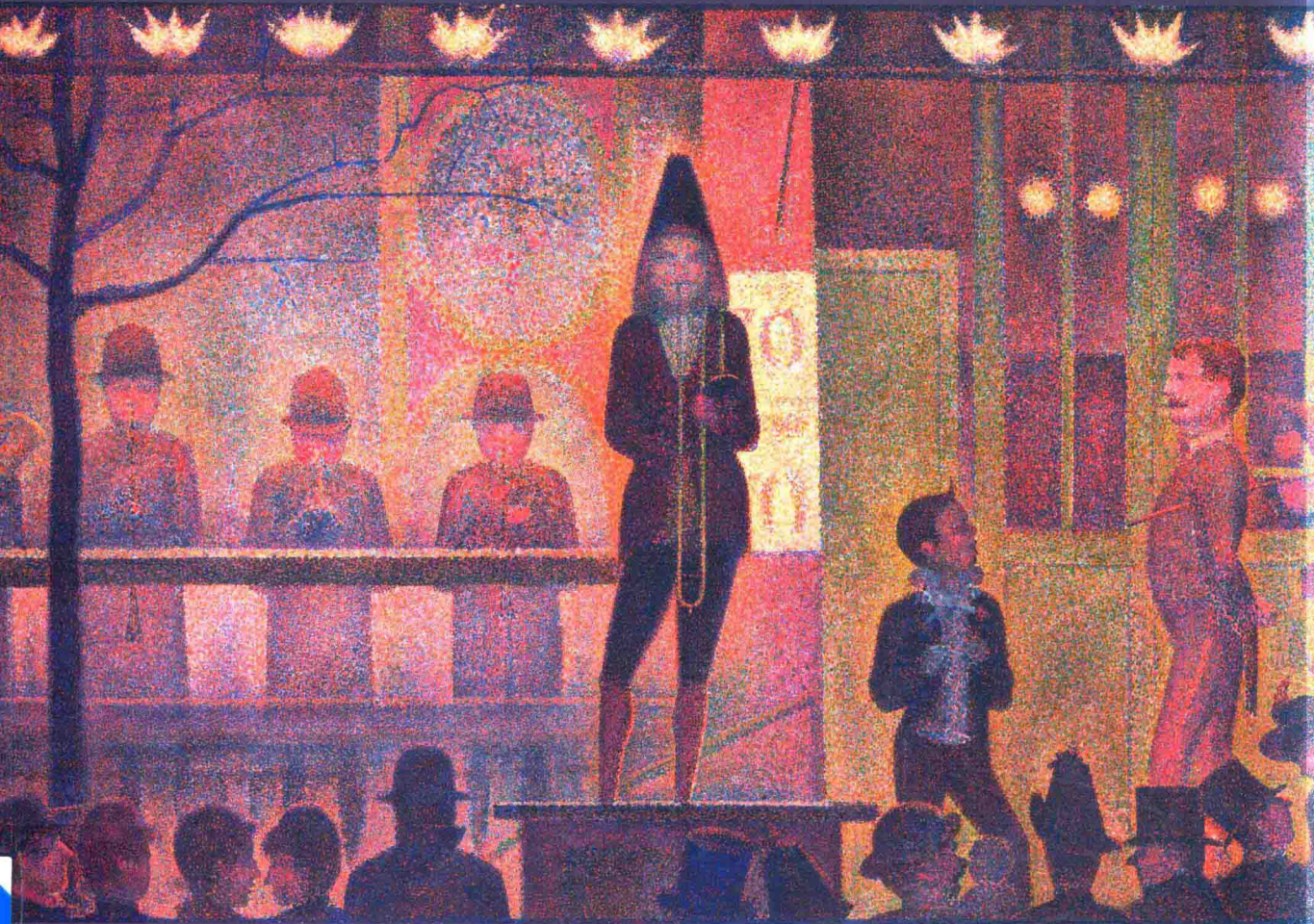


SECOND EDITION

Nonprofit Organizations

Theory, Management, Policy



Helmut K. Anheier

ROUTLEDGE

NONPROFIT ORGANIZATIONS

THEORY, MANAGEMENT, POLICY

SECOND EDITION

Helmut K. Anheier



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NONPROFIT ORGANIZATIONS

In this new edition of his popular textbook, *Nonprofit Organizations: Theory, Management, Policy*, Helmut K. Anheier has fully updated, revised, and expanded his comprehensive introduction to this field. The text takes on an international and comparative perspective, detailing the background and concepts behind these organizations and examining relevant theories and central issues.

Anheier covers the full range of nonprofit organizations—service providers, membership organizations, foundations, community groups—in different fields, such as arts and culture, social services, and education. He introduces central terms such as philanthropy, charity, community, social entrepreneurship, social investment, public good, and civil society, acknowledging and explaining how the field spills over from public management, through nonprofit management and public administration. This textbook is systematic in its treatment of theories, management approaches, and policy analyses.

The previous edition was winner of the Best Book Award at the American Academy of Management in 2006, and this new edition will fit both the North American and European schedules of academic teaching. *Nonprofit Organizations: Theory, Management, Policy* is an ideal resource for students of both undergraduate and postgraduate courses.

Helmut K. Anheier is Professor of Sociology and Dean at the Hertie School of Governance, Germany. He also holds a chair of sociology at Heidelberg University and serves as Academic Director of the Centre for Social Investment there. He has previously been Professor of Public Policy and Social Welfare at UCLA's School of Public Affairs and Centennial Professor at the London School of Economics.

Nonprofit Organizations is an invaluable resource for students, scholars, policy makers and practitioners. No other source so effectively conveys complex ideas with such pellucid prose, no other volume so seamlessly integrates a crucial international perspective into this topic – and no one but Professor Anheier has the experience, overview, and wisdom to produce a volume of this scope and quality.

Professor Paul DiMaggio, Professor of Sociology, Princeton University, USA

This second edition of Helmut Anheier's highly acclaimed textbook is especially welcome given how rapidly the field of non-profit studies is moving. The important updates – including a number from Professor Anheier's own work – make this the clear international leader in its field.

Professor Martin Knapp, London School of Economics, UK

The second edition of *Nonprofit Organizations* should rapidly emerge as the indispensable text for both graduate and undergraduate courses on the organization of the Third (nonprofit/NGO) Sector. I used the first edition successfully for many years since it was the sole multidisciplinary text available, and since its material was so uniformly clearly presented. But now Anheier has prepared an even better version, with updated charts and tables – and with newly expanded material on both philanthropy and civic engagement. This edition is even more teachable and covers much more of what most specialists will consider to be the expanded core of nonprofit organizational life. This is the book on which to base your nonprofit syllabus!

Stanley N. Katz, Lecturer with the rank of Professor, Director, Center for Arts and Cultural Policy Studies, Woodrow Wilson School, Princeton University, USA

Helmut Anheier has produced exactly the kind of textbook the growing fields of nonprofit and philanthropic studies need and that only he could have written: comprehensive, grounded in theory and data, with historical and comparative perspectives, and not least of all, useful to practitioners as well as students and scholars. It should become a staple in graduate and professional education throughout the world.

Leslie Lenkowsky, Clinical Professor of Philanthropic Studies, Lilly Family School of Philanthropy at Indiana University, USA

The new edition of Helmut Anheier's book, *Nonprofit Organizations*, will be welcomed by scholars, nonprofit practitioners, and policymakers. The book lucidly examines key management and policy issues facing nonprofit organizations around the world and offers very helpful insights to enhance the effectiveness and efficiency of nonprofit organizations. This comprehensive book is also very accessible to a wide array of audiences, so it will be a valuable resource for classroom use, researchers, and nonprofit staff and volunteers.

Steven Rathgeb Smith, Executive Director, American Political Science Association

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PREFACE TO THE SECOND EDITION

This book can be used as a general introduction to the study of nonprofit organizations and as a textbook for courses at the graduate and advanced undergraduate level. The lack of a multi-disciplinary textbook dedicated to the topic of nonprofit organizations, philanthropy, and civil society has long been a major complaint among faculty and students, as has been the absence of a general overview of current knowledge in the field. This book tried to meet both objectives when first introduced in 2005. This second edition, fully revised and expanded, holds on to these objectives, as the field of nonprofit studies has grown with many new programs and courses added.

The book is the product of over 20 years of teaching nonprofit courses at various universities and in different curricular settings. First, between 1994 and 1998, for Masters' students in public policy at the Johns Hopkins Institute for Policy Studies, I wrote the initial lectures that eventually developed much of the first part of this book, with a focus on theory and conceptual approaches as well as empirical portraits of the sector in the US and elsewhere. Between 1998 and 2002, I served as course tutor for the Masters in Voluntary Sector Management and Administration at the London School of Economics, and put emphasis on lectures that became the governance and management-related parts of the book. At UCLA, I continued to add to these sections, and also expanded the coverage of theory and policy. At Heidelberg and at the Hertie School of Governance in Berlin, I added sections on civic engagement, philanthropy, and social entrepreneurship and policy-related issues generally. Throughout, teaching in various executive programs and summer academies (e.g., University of Bologna, University of Oslo, Stockholm School of Economics, International Labor Organization, London School of Economics) and in various countries (United Kingdom, France, Germany, Spain, Italy, Sweden, Australia, China, Hong Kong) brought welcome opportunities to add comparative as well as applied perspectives that are reflected in the structure and content of the book.

This textbook tries to cover the major areas of knowledge and expertise when it comes to nonprofit organizations. It follows a sequence of background—history—concepts—facts—theory—behavior—management—implications for policy to cover the interests of academics, nonprofit leaders, and managers alike. Each chapter offers an overview of the topic covered and review questions at the end, with suggested readings for those who wish to explore topics in greater detail.

As a basic overview text, this book cannot cover all aspects of nonprofit studies; and even those addressed cannot be dealt with in the depth the subject matter frequently warrants. It is a testimony to the breadth and richness the field has achieved in recent years that an overview text such as this struggles to do justice to all aspects worth covering. A textbook must make choices—and this one is no different. One choice was to add comparative, international dimensions to the extent possible; another to introduce applied topics even though the book is primarily targeted at academic audiences.

As best as I can judge, this book remains the first and only dedicated and comprehensive textbook on nonprofit studies to span different disciplines and experiences. As such, it shows all the weaknesses that come with such an endeavor, and it is my hope that it will also continue to show some of its promise of which future editions of this book can benefit, and on which others can build.

ACKNOWLEDGMENTS

This book owes much to the effort of others. I would like to thank Regina List who carefully and creatively edited the chapters of this book not once but twice. Without Regina, this book, and certainly its second edition, would have unlikely found its way to the printer. She deserves my fullest gratitude.

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Thanks are also owed to Francesca Poynter at Routledge who first suggested the idea of this textbook to me, and to Rosemary Baron and David Varley for encouragement and help “across the finish line.” Their patience is legendary.

Some of my most sincere thanks are reserved for the hundreds of students at the Hertie School, Heidelberg University, UCLA, LSE, and Johns Hopkins, who patiently sat through lectures and seminars. Their enthusiasm and feedback made this book possible, as did the pleasure of working with Sarabajaya Kumar at LSE in teaching the voluntary sector course in the Social Policy Department. I am also grateful to Jane Schiemann, Sue Roebuck, Laurie Spivak, Jocelyn Guihama, Bill Parent, Jenifer Mosely, Eve Garrow, David Howard, JJ, Saskia Kyas, Zora Chan, and David Budde.

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I

STUDYING NONPROFIT ORGANIZATIONS

LEARNING OBJECTIVES

The study of nonprofit, third sector, or voluntary organizations is a fairly recent development in the history of the social sciences. What has become one of the most dynamic and interdisciplinary fields of the social sciences today began to gather momentum more than three decades ago. At the same time, the field is rooted in long-standing intellectual and disciplinary approaches that seek to come to terms with the complexity and vast variety of nonprofit organizations and related forms and phenomena. After considering this chapter, the reader should:

- have an understanding of the wide range of institutions, organizations, and types of activities that come under the label of the nonprofit sector;
- be able to identify key intellectual traditions of nonprofit sector research;
- have a sense of the major factors that influenced the field and that contributed to its development; and
- be able to navigate through the book's various parts and chapters in terms of specific content and their thematic connections.

Some of the key concepts introduced in this chapter are:

- | | |
|--------------------------------|---------------------------|
| ■ Charity | ■ Philanthropy |
| ■ Civic culture and engagement | ■ Social capital |
| ■ Civil society | ■ Social entrepreneurship |
| ■ Civility | ■ Social enterprise |
| ■ Giving | ■ Social investment |
| ■ Nongovernmental organization | ■ Third sector |
| ■ Nonprofit organization | ■ Voluntary association |
| ■ Nonprofit sector | ■ Volunteering |

1

STUDYING NONPROFIT ORGANIZATIONS

This introductory chapter presents an overview of the range of nonprofit institutions, organizations, and activities. The chapter briefly surveys the intellectual and political history of the study of nonprofit organizations, and states some of the key intellectual, practical, and policy-related issues involved. It also discusses how the field relates to the various social science disciplines, and shows its interdisciplinary nature. Finally, the chapter includes a description of the objectives and structure of the book by offering brief chapter summaries.
