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JPNA

JOURNAL OF PUBLIC AND NONPROFIT AFFAIRS

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Research Articles

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Doing More With Less: Racial Diversity in Nonprofit Leadership and Organizational Resilience

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The Routledge Companion to Nonprofit Management

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Between Power and Irrelevance: The Future of Transnational NGOs

Long Tran

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a journal of the Midwest Public Affairs Conference

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Midwest Public Affairs Conference

2020 Award Recipient

The Midwest Public Affairs Conference (MPAC) presents an award annually for the best article published in the *Journal of Public and Nonprofit Affairs*. The 2020 award recipient is:

Journal of Public and Nonprofit Affairs
Best Article Award

“Diversity and Inclusion Practices in Nonprofit Associations:
A Resource-Dependent and Institutional Analysis”
Dyana P. Mason, University of Oregon

Editor's Introduction: Sustainability in the Public and Nonprofit Sectors

Deborah A. Carroll – University of Illinois Chicago

In this new issue of *Journal of Public and Nonprofit Affairs*, we offer a collection of *Research Articles* focused on the operational capacity, service delivery, and financial sustainability of the public and nonprofit sectors. Our *Social Equity* article offers insight and practical advice for enhancing the inclusivity of the Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and Asexual plus (LGBTQIA+) communities in public and nonprofit research. In addition, we offer two *Book Reviews* of important recent work focusing on nonprofit management research and the transnational NGO initiative.

First, in a comparative analysis of the US and China, Meier et al. (2022) utilize a least similar systems design to analyze which sector—public, nonprofit, or for-profit—consumers prefer to deliver services in 12 different categories of service provision. Their exploratory analysis based upon two internet surveys reveals that sector preferences for services are more similar than expected across the two countries with the public sector as the most preferred and the for-profit sector as the least preferred service provider. However, the authors find important differences emphasized among individual service categories that reflect the historical, cultural, and political traditions of each country. By focusing on public preferences for service provision, this article makes an important contribution to the literature on cross-sector service delivery and the debate on privatization.

As we continue to live and work amid a global health pandemic, Mumford (2022) offers a unique perspective on organizational resilience to COVID-19 by focusing on nonprofit leadership and racial diversity. Based on a survey of nonprofits based in New Orleans, Louisiana, the author empirically examines the extent to which racial diversity in nonprofit leadership increases the likelihood of organizational resilience in both service delivery and financial health. Findings reveal a positive association between nonprofit board diversity and targeted programming and advocacy to support racially diverse communities as well as expanded service delivery. On the other hand, more representation of Black individuals on nonprofit boards is also associated with a lack of reserves, which may threaten financial sustainability, suggesting diverse nonprofits are 'doing more with less' in response to the pandemic.

Focusing on 49 Lebanese nongovernmental environmental organizations (NGOs), AbouAssi and Tschirhart (2022) offer the first empirical test of the Strategic Response Model (SRM) as a management tool for nonprofit decision making. By integrating organizational resource dependence and network centrality, the authors use the SRM to predict NGO responses of exit, voice, or adjustment to bilateral donors with changed funding demands. Regardless of the measure of resource dependency, the authors find adjustment to be the most common response; however, NGOs also respond to donors through exit or by inserting their

environmental priorities into proposed projects. As such, this research highlights the need for donors and nonprofits to consider short- and long-term strategic decisions, because such relationships that are created and fostered may be as important as the resources provided and consumed.

Feng et al. (2022) empirically analyzes a sample of 705 nonprofit organizations over five years to evaluate the relationship between board chairs and chief executive officers (CEOs) and the potential impact on nonprofit executive compensation. Although the authors find no association between board chair characteristics (such as tenure and gender) and top executive compensation, the relationship between the board chair and CEO is found to have a positive impact on executive compensation for organizations with larger revenues, bigger boards, and fewer changes in program expenses. As one of the first to consider the role of board chairs in establishing CEO compensation in the nonprofit sector, this research helps to further our understanding of nonprofit CEO compensation packages with the intention of ensuring fair and reasonable practices.

Also focused on the nonprofit sector, Weber and Brunt (2022) use survey results and selected case studies to analyze the role of academic centers among American universities in institutionalizing nonprofit and philanthropic studies (NPS) as a distinctive academic field. Among 55 US-based nonprofit academic centers, the authors find variation in size and activities, revenue streams, and institutional locations of centers offering a broad range of services spanning both academia and practice that help to support local and regional nonprofit communities. In addition, the authors find that the sustainability of such academic centers relies upon interdisciplinarity, internal and external funding, and institutional support. As such, this research offers useful recommendations intended to strengthen academic centers' roles in institutionalizing NPS as a distinctive academic field.

In our last *Research Article*, Lee (2022) provides an historical account of federal budgeting at the end of World War II by focusing on President Truman's first director of the Bureau of the Budget (BOB) and co-founder of the American Society for Public Administration (ASPA), Harold D. Smith. As a major transitional stage in public administration, including needs related to demobilization, abolishing wartime agencies, and cutting military spending, the author reveals the modern-day practice of cutback management that occurred during this time, which is long before the term came into its current use. This research sheds light on an important figure in public administration with a record of acting both apolitically and politically in the face of difficulty separating budgeting and policy from politics.

In this issue's *Social Equity* section, Meyer and Millesen (2022) educate us on the terminology and distinctions that are most appropriate for and inclusive of the Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and Asexual plus (LGBTQIA+) communities, which are underrepresented in public and nonprofit affairs research. Through their 'call to arms' for public and nonprofit researchers to use more supportive and affirming language to describe the experiences of LGBTQIA+ individuals and communities, the authors suggest that we can improve the ways in which public and nonprofit organizations support these individuals and communities, which are an important part of the work in the public and nonprofit sectors. In doing so, the authors appropriately encourage us to loudly and proudly say "gay."

In his *Book Review* of Anheier and Toepler's (2020) edited volume entitled, "The Routledge Companion to Nonprofit Management," Schmitz (2022) evaluates this comprehensive guide to current research, which emphasizes the core challenges faced by the nonprofit sector, as a learning tool for undergraduate and graduate students. The author describes the six major sections of the edited volume offering a historical background, current status of the field, and future needs for the field in terms of research. In doing so, the author lays out a potential research agenda aimed at strengthening the nonprofit sector by overcoming challenges likely to be faced going forward.

Finally, Tran (2022) offers an account of the book, "Between Power and Irrelevance: The Future of Transnational NGOs," by Mitchell et al. (2020). The author explains that the book represents a collection of nearly 20 years of insights from the founding members of the Transnational NGOs (TNGOs) Initiative, which is based upon the premise that traditional TNGOs must overcome the sector's constricting institutional and normative context within which such organizations are typically embedded in order to remain relevant in the future. In doing so, the author reminds us of the importance of maintaining focus on sustainability.

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What Sector Do Consumers Prefer for the Delivery of ‘Public’ Services? A Comparative Analysis of the US and China

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Although we have literature on the advantages and disadvantages of delivering public services via public, nonprofit, or for-profit organizations, there is little research on who the public prefers to deliver such services. This study uses a least similar systems design to present an exploratory analysis of such preferences in the US and China for twelve different service areas. Based on two internet surveys, we find that general sector preferences for services are similar across the countries, but there are differences in emphasis for some of the individual services that reflect the country’s historical, cultural, and political traditions. The reasons for such similarities, however, appear to be different in the two countries.

Keywords: Citizen Preferences for Service Delivery, Sector Differences, Comparative Analysis, China, United States

Governments frequently deliver public services by proxy using private nonprofit and for-profit organizations (Van Slyke, 2003). International movements such as the New Public Management stress these alternative delivery systems and advocate their potential benefits (Pollitt & Bouckaert, 2004). Although existing literature offers explanations as to why public services should be delivered either directly by government, the private sector, or nonprofit organizations (Hansmann, 1980; Savas, 2000), as well as of the existence of such services (AbouAssi et al., 2019), little research has examined the public’s attitudes about how they prefer to have public services delivered (see Handy et al., 2010). This gap is surprising given that there is a literature that shows that the public has preferences about whether the federal, state, or local governments should deliver services in a specific policy area (Leland et al., 2021a, 2021b; Maestas et al., 2020; Schneider et al., 2010; Schneider & Jacoby, 2003). This article seeks to add to the discussion on the delivery of services moving from questions currently focused on efficiency and effectiveness (see Hodge, 2018) to incorporating how the public prefers to have these services delivered, using comparable surveys of individuals in the US and China.

First, we present an argument that how the public prefers public services to be delivered is important both in terms of the normative idea that governments should be responsive to the public and how such preferences might influence the effectiveness of the services themselves. Second, given that this research is one of the first to address this issue from a comparative lens, its advantages in terms of generalizability and setting a research agenda will be discussed.

Third, we will compare the distribution of public preferences for service delivery in the US and China by focusing on individual services as well as the structure and determinants of these preferences. In the analysis, we find that the basic structure of preferences is similar in the US and China, but there are individual differences in degree (but not kind) that reflect the differences in each country's political economy. Finally, we will discuss the contributions of the research and its limitations.

Why Study Preferences for How Public Services Are Delivered?

Public preferences for service delivery are important for four reasons related to the overall governance of a polity. First, existing theories of political economy and nonprofits rely on the assumption that government should respond to the needs of the public and frame normative arguments in terms of sector failure. The normative theory of government regulation (Stigler, 1971) promotes the principle that government should act when markets fail due to monopoly, externalities, or information asymmetry. In short, government delivers services because the market cannot deliver the quality or quantity of services that citizens demand. Similarly, the nonprofit literature suggests that nonprofits arise to deliver services because either the government or the private sector, or both, fail to provide such services (Blomqvist & Winblad, 2019; Matsunaga et al., 2010; Salamon, 1987).

Second, the public might have preferences for who delivers services because they recognize that service delivery bureaucracies are not neutral but rather reflect the values of the bureaucrats (for example, see Aaker et al., 2010; Xu, 2020). Substantial evidence indicates that the values held by individuals vary by sector of employment, either because individuals self-select into public, private, and nonprofit jobs (Donahue & Zeckhauser, 2012) or because organizations engage in substantial socialization (Barnard, 1938). Logically one might expect that individuals working in each of the three sectors differ on how much they valued efficiency, equity, altruism, public service, or a variety of other criteria that might affect how they perform their job (Korac et al., 2019; Lewis & Frank, 2002; Ng & Johnson, 2020). These values could then affect the type and quality of services that individuals receive.

Third, the match between values held by the public and values held by bureaucrats has implications for the effective delivery of public services. Many public services rely on coproduction (Brudney & England, 1983), the willingness of individuals to participate in delivery of their own services from minor efforts such as garbage collection rules, to more major efforts such as parental participation in their children's education (Vinopal, 2018), or situations where public participation is required for decisions about what services to deliver (e.g., participatory budgeting; Ganuza & Baiocchi, 2012) is important. Even when active coproduction is not required, all public policies require cooperation from citizens including paying taxes (Scholz & Lubell, 1998), interacting with police (McCluskey et al., 1999), recycling or other environmental activities (Hanks & Hanks, 1969), and enrolling for social services (Soss, 2005) among others. Public preferences for who delivers public services could affect whether or not individuals are willing to participate in the coproduction of services.

Fourth, citizens could have general preferences for limited government and link these directly to their views of government and sector preferences. Some individuals might see the failure of the private sector to provide basic services for all as a need for direct government delivery of those services. Others might view it as government overstepping its bounds in delivering services that the private sector could provide in practice or in theory. Preferences for who delivers public services, therefore, might be linked to fundamental questions about the scope of government or an individual's interest in less intrusion in their lives.

Why a Comparative Perspective?

This study asks the following questions: *Do consumers prefer nonprofit, for-profit, or government organizations to deliver public services? And does this preference vary by the nature of the service being provided and by national context?* In an exploratory study investigating a new area, a comparative approach can be valuable in assessing how broadly a topic might be applicable. Using a least similar systems design (King et al., 1994), our objective was to find two contexts that differ from each other in terms of reliance on direct government delivery of services versus using other sectors for service delivery, the ability of bureaucratic values to be influential, the need for cooperation and coproduction by citizens, and concerns for intrusion in the daily lives of individuals. The United States and China provide contrasting expectations on each of these dimensions. Finding similarities in results across such different contexts may, therefore, suggest that those results could be generalized to other contexts. To the extent that differences exist, it suggests the need for additional comparative work to identify the specific national context factors that are determinative (see, for example, Fu & Schumate, 2020).

Literature Review: Related Theories on Sector Delivery of Services

The public administration and nonprofit literatures contain multiple theories on whether government, nonprofits, or for-profits would better deliver certain kinds of services, but these are not framed in terms of the preferences of the general public. Rather they are normative arguments about the effectiveness of different forms of service delivery or the failure to deliver services. In terms of the policy choice about who should deliver services, Moe (1987) discusses the movement towards privatization in the US and concludes that the choice of public services to privatize will depend on factors such as national security, public safety, and the level of accountability felt by the leaders of a service. Specific to nonprofit organizations, Hansmann (1980) posits contract failure theory, where nonprofits play a supplementary role and exist to fill gaps in service provision left by government organizations. He further highlights factors such as price discrimination and complex personal services where the adequacy of the service delivery is difficult to determine as factors influencing whether nonprofits should provide a service or not. Salamon (1987), on the other hand, theorizes that nonprofits play a more complementary role in service areas where they can minimize costs, provide expertise, and improve the quality of, as well as citizen confidence in, service delivery.

Ferris and Graddy (1986) take this literature further by proposing formal models on whether and in what policy contexts services should be contracted out to private entities. Their Production Choice and Sector Choice models group public services into four distinct categories (Public Works, Public Safety, Health and Human Services, and Recreation and Arts) and hypothesize differing levels of private sector involvement in each group based on output tangibility, ease of performance measurement, level of moral hazard, and labor intensity, among other factors. They further differentiate between nonprofit and for-profit involvement based on the need for efficiency, the need to reach certain target populations, and the preferences of the constituency (Ferris & Graddy, 1986). These studies, however, are primarily concerned with the effectiveness of service delivery and the decision to deliver services. There is little discussion of constituency preferences or when and how citizens across national contexts might prefer to have public services delivered by different sectors.

Some studies in the area of privatization touch on citizen preferences for how services might be delivered (Battaglio, 2009; Battaglio & Legge, 2008; Breznau, 2010; Pew Research, 1998; Poister & Henry, 1994). Poister and Henry (1994) found no difference in citizen attitudes towards public and private services in the US. Battaglio and Legge (2008), however, revealed cross-national differences in attitudes towards privatization of electricity in developed markets versus transition economies indicating that the theories discussed in the previous

section may manifest differently based on national context and that public preferences for who delivers services might also vary cross-nationally.

To date only two studies specifically examine sector preferences across different service areas. Thompson and Elling (2000) conducted phone interviews in Michigan on whether respondents prefer government, for-profit, or nonprofit delivery across 14 different services. They find support for for-profit delivery consistent with the factors outlined by Moe (1987) and that support for non-governmental delivery differs based on respondents' demographic characteristics although generally the public prefers government delivery of traditional government services. Handy et al. (2010) studied Canadian university students and focused on preferences for government, for-profit, and nonprofit delivery of services from hospitals, university education, museums, and fitness clubs. They found that nonprofits were perceived more favorably for university education and museums but not for hospitals and sports clubs, but the differences were modest. Our literature search found no studies that attempted to understand preferences for for-profit vs. nonprofit vs. government service delivery across the US or in cross-national contexts. The difference in preferences in Handy et al. (2010) and Thompson and Elling (2000) highlights the need for more research, not only to understand how and why sector preferences differ based on the service being provided, but also to explore cross-national differences in these preferences.

Why Is Knowing Consumer Preferences Important?

In addition to the empirical gaps in the literature, there are theoretical and practical reasons for examining public preferences on the form of service delivery. Both are likely linked to public participation and feedback processes, something that is important for both public sector and nonprofit sector organizations. Feedback helps with the relationship between nonprofit organizations and their stakeholders on fund accountability, improvement, strategy development, capacity building, civic engagement, and societal education (Campbell, 2010). Citizens' feedback can help nonprofit organizations better understand the external environment of the organization and provide guidance for how the organization might enhance its effectiveness (Campbell, 2010; Kirytopoulou, 2008). If the public prefers that services in a given policy area be provided either by government or by for-profit firms, nonprofit organizations are likely to face significant barriers to building an organization that can grow and flourish in the long run. From the perspective of government organizations, knowing such preferences can be used in making decisions about whether to contract out for service delivery and how to do so.

Public preferences might also be related to the willingness to engage in coproduction. Citizens coproduce by voicing their concerns and evaluating services (Brandsen & Pestoff, 2006; Nabatchi et al., 2017; Pestoff et al., 2012), and both governments and nonprofit organizations rely on client coproduction for the delivery of many services (Bovaird & Loeffler, 2012).

Finally, public preferences for who delivers services is likely to influence the ability to procure resources so that services can be delivered. Just as governments rely on the willingness of individuals to pay taxes, many nonprofits rely in part or in whole on the donations of money, and in-kind goods and services, including volunteers (Einolf, 2018; Handy et al., 2008), to support their operations (Frumkin & Kim, 2001; McKeever & Pettijohn, 2014). Sector preferences in terms of service delivery are likely to influence both individuals' willingness to support nonprofits (and governments) as well the willingness of governments to contract with nonprofit or for-profit firms (for example, see Xu, 2020). Such attitudes as a result might even be relevant for entrepreneurs who are deciding within which sector to locate a new organization (Witesman et al., 2019).

Theoretical Framework and Research Design

We opted for a two-country study with a least similar systems design as the most promising type of exploratory analysis to study differences across different services areas and across government, for-profit, and nonprofit sectors. As its name implies, a least similar systems design seeks out cases for analysis that are as different as possible (King et al., 1994). The logic of such designs is that the independent variables differ substantially between the cases, and this factor provides leverage on determining what might influence the dependent variables. That is, an independent variable that varies substantially in the two cases is unlikely to be a determinant of a dependent variable that does not vary between the two countries. Similarly, consistent findings across two least similar systems in relationships suggests a higher level of generalizability than if these commonalities do not exist. The subjective language in this discussion is meant to underscore that this project should be considered only the first step in a comparative study of public preferences for which sector should deliver public services.

The US and China are good, perhaps ideal, candidates for a least similar systems study of public services preferences. The two countries differ dramatically in terms of the political system, the cultural heritage that informs the political system, and the general orientation toward the public versus the private sector: each merit brief discussion.

First, the degree of political centralization influences how much local governments can craft services to fit local needs (Ostrom, 2008), and the countries are radically different in this regard. As a one-party ruled country, China has a highly centralized political system where major decisions and policies are made from the top and political power is highly unified. This contrasts with the US, where the separation of powers diffuses political power among the branches of government and the federal system allows state governments to have concurrent powers. The two-party competitive electoral system also distinguishes the US political system from that of China. Although China has eight democratic parties besides the ruling Communist Party of China, those democratic parties only have token presence in the legislature.

The political differences also translate to differences in the political role of the citizens. Compared to US citizens, citizens of China face additional difficulties in participating in politics; for example, they face greater barriers of access and higher political risk (Tsai & Xu, 2018). Citizens in non-democratic countries may fear undertaking political action or engage less in the policy process (Lieberman et al., 2014). US citizens in contrast appear to be willing to express political opinions with little fear. As an example, the suggestion that Texas be allowed to secede from the United States was met with amused tolerance (Wood, 2019); one would not expect a similar reaction in China regarding Tibet. These limits, however, do not mean that citizens of China do not express their concerns and preferences for service delivery. A survey conducted in China shows that a large proportion of the respondents, both in the cities and in rural areas, indicate that they have made civic complaints to local authorities regarding the government provision of public goods (Tsai & Xu, 2018).

Second, political differences between the countries are reinforced by differences in cultural heritages. China has a long Confucian political tradition with a strong bureaucratic state and communitarian values whereas the US features a liberal state focused on limited government and individual rights. Such differences logically then should be reflected in political values about the legitimacy of government and the willingness of citizens to accept the government providing a wider array of services. These political differences are then reflected in how politics is framed in the two countries. The size of government, and thus, how many public services there should be as well as what institutions should deliver them have been major political issues in the United States since at least 1896. This means that US citizens are actually asked to vote for candidates who have different views on this question, something that does not occur in China.

Third, the different political and historical factors have created an institutional path dependence in terms of the size of the government and for-profit sectors. The current regime in China evolved from a Communist system that did not accept the idea of an independent for-profit private sector; as a result, the private sector developed late in China and likely led to expectations that public services would be delivered by government. The US, in contrast, has an extensive for-profit sector that some analysts (see Vogel, 1983) contend dominates government decision making with the result being that many public services in such areas as health care are delivered by for-profit or nonprofit organizations. This means that the US private sector is highly involved in many service areas, from education to prisons. In China by contrast, many larger enterprises are government-owned; and they control entire sectors, such as the railroads, oil, and telecommunications (van Montfort et al., 2018).

These three differences do not mean that China lacks a private sector or nonprofit organizations. In many cases as privatization emerged in China, the private sector entered in many industries by partnering with the public sector (van Montfort et al., 2018). Starting in 2010, private investments were allowed in previously state-owned enterprises such as in social welfare. Private sector efforts also started to increase in the areas of education and health services in China (Ministry of Education of China, 2019; National Health Commission of China, 2020).

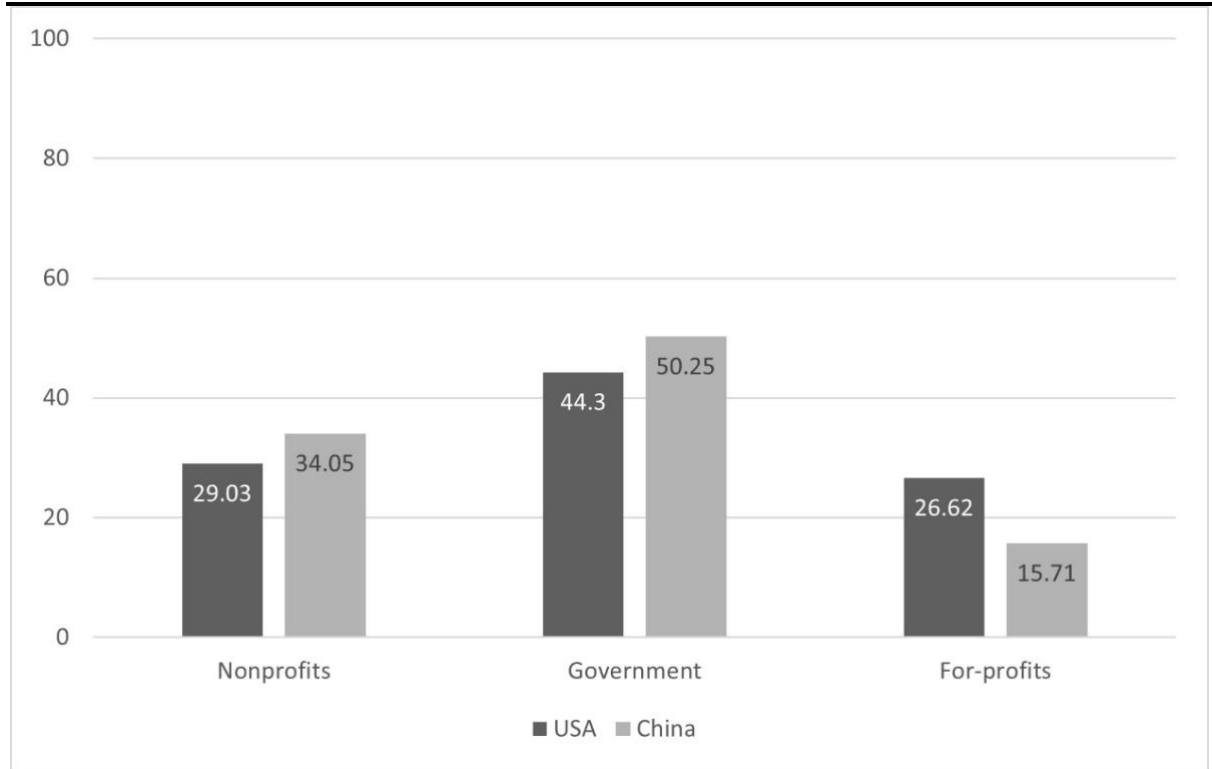
Within each country, the following questions will be studied: 1) How do public preferences in China and the US compare to each other, 2) Do the sector preferences of individuals cluster in predictable ways, and 3) What determines an individual's sector preference(s), e.g., partisanship, demographic factors (ethnicity, age, gender, etc.)? China and the US differ dramatically in government structure and ideology. Two informal hypotheses will guide the research. First, we assume that political and cultural traditions along with path analysis will predict that people will prefer public services to be delivered by the institutions that currently are delivering those services. This suggests that preferences for public services to be delivered by government will be higher in China than in the US; and in the US more individuals will prefer public services to be delivered by for-profit and nonprofit organizations. Second, the greater political attention to the size of government and the political salience it currently has would suggest that preferences in the US are likely to be stronger and more consistent than they are in China where these public debates are lacking.

Data Collection and Methodology

We collected data for our study using online closed-ended surveys. Separate surveys were run for each country between October and November of 2019. The surveys asked whether respondents preferred for-profit, nonprofit, or local government service delivery across 12 different service areas falling in three of the four categories noted by Ferris and Graddy (1986): health and human services, utilities, and arts and recreation.¹ We also collected basic demographic characteristics and used a measure of general pro-private sector preferences as a non-policy specific attitude index (refer to Appendix A for the main questionnaire). Appropriate attention check questions were included in each survey.² The surveys were created using Qualtrics and run using two separate platforms in each country, with IRB approval obtained separately for each national context. To test the usability of the questions, we ran a pilot round in each country with around 100 respondents.

For China, we used the survey platform Wenjuanxing, which has more than 2.6 million members from 33 provinces and regions. Our sample, conducted in Chinese, has 1,048 responses and is nationally representative by location, with respondents from 31 provinces and autonomous regions (excluding Hong Kong and Macau). The gender composition of the sample is similar to the actual gender ratio of China (about 48.87% of the population is female

Figure 1. Respondent Preferences for Service Provision by Sector



in 2018). The majority of the sample (97.7%) is of Han ethnicity which over-represents the actual Han population (91% in 2010; National Bureau of Statistics of China, 2021).

Regarding the political affiliation, about 32% of the respondents are members of the Communist Party, a substantial over-representation (approximately 6.5% in 2018, see ‘China Communist Party,’ 2019). We also have 1.32% of the sample who are members of other democratic parties in China.

For the US, we used Amazon Mechanical Turk to collect 1037 survey responses. The sample is roughly representative of the US population by gender, White and Black respondents, income groups, and persons in a household. As is common with the Mechanical Turk platform, it over-represents people with a Democratic party affiliation and with higher levels of education. It also has a lower percentage of Hispanic respondents and a higher percentage of Asians (see Appendix C for more demographic details of the survey sample).

Although each survey reflects the common biases of internet surveys (and access to computers and Wi-Fi), our objective is to describe how individuals prefer public services to be delivered in the two countries. The analysis should be considered exploratory and an effort to determine if future research on this topic might yield valuable insights. The focus is on how individuals decide which sectors to favor rather than an attempt to generate a precise estimate of what the national population of each country favors.

Findings

Comparing the US and China sector preferences at both the macro level and for individual services shows some broad similarities along with specific variation from those similarities that reflect unique country influences. In terms of overall averages for all twelve services, Figure 1 shows that the Chinese respondents are more likely than the US respondents to favor

government delivery of services (50.3% v. 44.3%), more likely to favor nonprofit delivery of services (34.1% v. 29.0%) and less likely to endorse service delivery by for-profit organizations (15.1% v. 25.4%). Although these differences clearly correspond with the long-standing market orientation of the US economy and are statistically significant, the differences are not polar opposites. Both sets of respondents rank order their preferences in the same way: government, nonprofit, for-profit.

The responses for the individual services in Table 1 illustrate this general pattern of similarity with a few stark differences that reflect each country's historical pattern of delivering public services. In health and human services overall, both countries on average rank order government first, nonprofits second, and for-profit organizations third. Individual services, however, show some clear differences. Chinese respondents have a clear preference for government run hospitals (80.8%) whereas the US respondents split relatively equally among the three sectors. While this reflects how hospital services are actually delivered in China, it does not reflect the nonprofit dominance of the US hospital industry (62% of the total). In terms of nursing homes, an industry that is two-thirds for-profit in the US, a majority of respondents prefer either nonprofit or government ownership. Chinese respondents have similar but stronger preferences for either government or nonprofit nursing homes. For education services, a majority of respondents in both countries favor government delivery of K-12 education. Early childhood education in China is the only service, however, where a larger percentage of Chinese respondents favor for-profit delivery than US respondents. This preference likely reflects the relative absence of government from early childhood education and the existence of a for-profit sector that services this area.

For utilities, the US respondents generally reflect how services have traditionally been delivered. For both trash collection (60.5%) and postal services (78.1%) US respondents prefer government delivery (see Thompson & Elling, 2000). Given the general anti-government bias regarding postal services in the US (see Marvel, 2015), it is unexpected to see this service with the greatest support for government delivery. Tree planting and maintenance is less a US government function, and the public provides a plurality of support (45.6%) for for-profit delivery unlike China where for-profits have only modest support (16.7%); Chinese respondents favor nonprofit delivery of these services. While a plurality of Chinese respondents also favors government services in trash collection and postal delivery, the percentages in China are substantially lower than in the US.

With one exception (sports facilities), the patterns for arts and recreation are relatively similar across the two countries with majorities in both countries favoring government parks and libraries, and pluralities favoring nonprofit provision of arts and culture centers and community centers. In the case of sports facilities, a majority in China favor government provision with little support for for-profit provision while in the US a majority favors for-profit provision and the fewest respondents favor government delivery. The difference likely reflects the controversial nature of funding for major sports stadiums in the US where private for-profit firms press for government subsidies. While it is rare for a major sports stadium in the United States to be fully funded (including infrastructure) by a private for-profit firm, most respondents oppose government ownership of sports stadiums.

Overall, the pattern in Table 1 also suggests that this is a three-dimensional (public, for-profit, nonprofit) rather than a two-dimensional (public, private) choice. In only two cases do less than 20% of US respondents favor service provision by nonprofits (postal services and trash collection), and in only three cases do less than 20% of the Chinese respondents favor such delivery (hospitals, K-12 education, and postal services). This pattern suggests that examining overall sector preferences and their determinants would be informative.

Another way to check if the preference differences for the US and China are differences in degree not kind is to see how those preferences cluster. To convert what are essentially

Table 1. Respondent Preferences for Service Provision by Service Area and Sector

Service Area	Nonprofit		Government		For-Profit	
	USA	China	USA	China	USA	China
<i>Health and Human Services</i>						
Hospital	34.1%	15.2%	32.2%	80.8%	33.7%	4.1%
Nursing Home	41.4%	40.9%	21.9%	44.9%	36.7%	14.1%
Early Childhood Education	30.9%	29.1%	43.5%	22.0%	25.6%	49.0%
K-12 Education	20.9%	16.9%	62.5%	68.3%	16.5%	14.8%
<i>Utilities</i>						
Tree Planting/Maintenance	26.4%	47.1%	28.0%	36.2%	45.6%	16.7%
Trash Collection	9.1%	34.2%	60.5%	28.5%	30.4%	37.3%
Postal Services	6.8%	18.9%	78.1%	64.5%	15.1%	16.6%
<i>Arts and Recreation</i>						
Sports Facilities	25.4%	38.0%	22.0%	54.0%	52.6%	8.0%
Local Parks	23.2%	35.6%	65.9%	61.6%	10.8%	2.8%
Libraries	31.4%	33.2%	55.8%	61.6%	12.9%	5.2%
Arts and Culture Center	54.4%	47.2%	21.7%	38.5%	23.9%	14.3%
Community Center	44.4%	52.2%	39.5%	42.1%	16.1%	5.7%

trichotomies into clusterable groupings, three new variables were created. The public preference variable for each service was coded 1 if the respondent felt the service should be provided by government or otherwise assigned a value of zero; similar dummy variables were created for for-profit preferences and nonprofit preferences. Each of these three sets of twelve variables (one for each service) were then subjected to a principal components analysis to create a single factor of overall support for: 1) nonprofit provision, 2) government provision, and (3) for-profit provision.

The factor loadings showing the correlation of the individual items with the overall factor score in both countries are shown in Table 2. Examining the preferences for nonprofit delivery in columns 1 and 2 of Table 2 indicates a general commonality in the structure of nonprofit provision preferences across the two countries. All loadings are positive indicating that if respondents favor nonprofit delivery for one service, they are likely to favor it for others. The loadings fall in a relatively narrow range (0.44 to 0.60 in the US and 0.24 to 0.57 in China) indicating that clusters are not overly influenced by preference on one or two services. The loadings are generally stronger in the US than in China (eigenvalue 3.53 v. 1.99) which indicates that the clustering of attitudes is more consistent in the US than in China. This likely reflects the difference in political context in the US where the size of government (and thus the role of the nonprofit and for-profit sectors) is a long-time political issue, and such salience is likely to crystallize attitudes. The higher loadings indicate US attitudes are more consistent in favor of one sector over the other for an individual service. The presentation of a set of generally consistent factors, however, should not be taken as an indication that there are no deviations across the countries. Substantial variance is not accounted for, and many respondents have preferences that are not characterized by a single dimension. In China in particular, individuals are less likely to favor a consistent pattern of nonprofit service delivery.

Columns 3–6 in Table 2 illustrate the analogous factors for government and for-profit preferences. In both cases the general conclusions hold. There is a structural similarity of preferences in the US and China with uniform positive loadings. Preferences in the US are more consistent with the underlying dimension than are those in China as evinced by the larger eigenvalues. The consistency of the for-profit factor in China is especially modest again probably reflecting the political economy context of China with the relatively recent

Table 2. Factor Loadings of Preference for Delivery of Services by Each Sector

Service Area	Nonprofit Preference		Government Preference		For-Profit Preference	
	(1) USA	(2) China	(3) USA	(4) China	(5) USA	(6) China
Hospitals	0.50	0.28	0.53	0.35	0.56	0.36
Nursing Homes	0.49	0.31	0.45	0.31	0.50	0.41
Early Childhood Education	0.57	0.24	0.61	0.26	0.59	0.33
K-12 Education	0.60	0.37	0.65	0.38	0.63	0.47
Tree Planting	0.49	0.31	0.48	0.35	0.38	0.32
Trash Collection	0.57	0.34	0.55	0.40	0.47	0.18
Postal Services	0.58	0.40	0.55	0.41	0.56	0.41
Sports Facilities	0.53	0.54	0.53	0.55	0.44	0.50
Local Parks	0.59	0.56	0.61	0.58	0.55	0.42
Libraries	0.60	0.49	0.64	0.54	0.61	0.40
Arts/ Culture Center	0.44	0.40	0.54	0.46	0.51	0.49
Community Center	0.51	0.49	0.57	0.52	0.52	0.45
Eigenvalue	3.53	1.99	3.78	2.27	3.40	1.95
Cronbach's Alpha	0.77	0.53	0.80	0.60	0.76	0.52

development its for-profit sector. These six variables will be used as dependent variables in a regression to examine whether these general preferences have similar correlates in the two countries.

Comparing the determinants of sector preferences for service delivery across two countries as different as the US and China is complicated by the variance in meaning for some variables (e.g., race, partisanship), the significantly different distributions of some variables (e.g., education, household size), or even the different political influences on age cohorts (e.g., the US has no equivalent of the Cultural Revolution). The most comparable independent variables are female gender, age (three categories: 35 and under [designated younger in the regression], 36 to 55 [the excluded category in the regression], and over 55 [designated older in the regression]³; education (high school and less, college, master's degree or more; middle category excluded), high income (a dummy variable indicating an income of \$70,000 in the US and the equivalent of an income in the top third in China, 96,000 yuan), and size of household (dummy variable for 3 or more). In addition, a factor measure for pro-private sector attitudes developed by Hvidman and Andersen (2016) in Denmark was constructed in both countries (see Appendix B).

Two other independent variables while potentially important—race and partisanship—are not directly comparable across the countries. In the US race is clearly an important cleavage on many issues and dummy variables were included for Black and Hispanic respondents. In China, which has little racial diversity, a single dummy variable was included for the Han majority. In terms of partisanship, dummy variables were included for Democrats and Republicans (Independents as the excluded category) and in China dummy variables were included for non-Communist party members and other democratic party members with Communist Party members as the excluded category.

These differences in the independent variables or what those variables might mean within a country should be kept in mind when examining the regression results, presented in Table 3. In general, the regression equations in the US predict better than those in China which likely

Table 3. Regression Analysis of Preference for Delivery of Services, by Sector

Variables	Nonprofit Preference		Government Preference		For-Profit Preference	
	(1)	(2)	(3)	(4)	(5)	(6)
	USA	China	USA	China	USA	China
Female	0.18*** (0.06)	0.11* (0.06)	-0.11* (0.06)	-0.11* (0.06)	-0.09^ (0.06)	0.07 (0.06)
Black	0.03 (0.11)		-0.08 (0.10)		0.15 (0.10)	
Hispanic	0.03 (0.13)		0.13 (0.13)		-0.18 (0.13)	
Han Ethnicity		0.24 (0.20)		-0.14 (0.20)		-0.15 (0.20)
Youngest Age Group	-0.13* (0.07)	0.11 (0.08)	-0.03 (0.06)	-0.17** (0.07)	0.21*** (0.07)	0.15** (0.07)
Oldest Age Group	-0.06 (0.09)	0.47 (0.36)	0.03 (0.09)	-0.004 (0.36)	-0.03 (0.09)	-0.63* (0.36)
High School Diploma	0.09 (0.07)	-0.11 (0.17)	-0.03 (0.07)	-0.16 (0.17)	-0.05 (0.07)	0.50*** (0.16)
Master's Degree	-0.19** (0.09)	0.03 (0.10)	0.01 (0.08)	-0.09 (0.10)	0.20** (0.08)	0.13 (0.10)
High Income	-0.08 (0.08)	-0.18*** (0.07)	0.07 (0.07)	0.18*** (0.07)	0.0004 (0.07)	-0.01 (0.07)
Democrat/Dem-Leaning	-0.15* (0.08)		0.31*** (0.08)		-0.21*** (0.08)	
Republican/Rep-Leaning	-0.23** (0.09)		-0.01 (0.09)		0.25*** (0.09)	
Non-Communist Party Member		-0.06 (0.07)		0.08 (0.07)		-0.08 (0.07)
Other Democratic Party Member		0.48* (0.28)		-0.49* (0.28)		0.10 (0.28)
Household of 3 or More	-0.08 (0.06)	-0.10 (0.15)	-0.02 (0.06)	0.02 (0.15)	0.12** (0.06)	0.07 (0.15)
Pro-Private Sector Attitudes	0.18*** (0.03)	0.06* (0.03)	-0.35*** (0.03)	-0.12*** (0.03)	0.23*** (0.03)	0.14*** (0.03)
Constant	0.16* (0.09)	-0.18 (0.26)	-0.10 (0.08)	0.22 (0.26)	-0.05 (0.09)	-0.04 (0.25)
Observations	1,017	1,048	1,017	1,048	1,017	1,048
R-Squared	0.06	0.02	0.19	0.04	0.15	0.04

reflects both the more consistent grouping of the factors (that is, higher eigenvalues) in the US as well as the greater attention to such issues in the US political system.

Columns 1 and 2 in Table 3 present the results for nonprofit provision of services. In both countries the ability to predict support for nonprofit delivery generates the lowest level of prediction for any of the three sectors. Two variables, pro-private sector attitudes and gender, generate relationships that are statistically significant in the same directions in both equations. In both cases those respondents who have a general bias in favor of the private

sector favor greater provision of public services by nonprofits although the relationship appears to be much stronger in the US than in China (when this variable is omitted from the analysis, the patterns are generally similar but predict less well). Similarly, female respondents tend to prefer nonprofit delivery with a stronger relationship in the US than in China. In the US, greater nonprofit provision of public services is opposed by younger respondents, better educated respondents, and Republicans. In China, high income individuals are less likely to support nonprofit delivery of services while other democratic party members favor such provision.

Although the pattern for government delivery of public services (Columns 3 and 4 in Table 3) is better predicted in both countries, again there is little consistency across the two countries. Only the generic pro-private sector factor and the gender variable are consistent among two countries. The pro-private sector factor has negative relationships with government delivery of public services although again the relationship is much stronger in the US than in China. Both female respondents in US and China are less likely to support government delivery. The US respondents who identify themselves as Democrats are more likely to favor government service delivery option. In China, other democratic party members are less likely to favor government provision as are young people, but high-income individuals support government delivery.

Support for for-profit delivery of public services generates patterns with both commonalities and unique aspects across the two countries (Columns 5 and 6 in Table 3). In both countries, younger respondents and those with pro-private sector attitudes favor for-profit delivery of services. The differences, however, are greater than the similarities. Education provides opposing results; the for-profit sector has greater support from people with lower levels of formal education (high school and below) in China but from those with more formal education in the US (graduate degrees). The only other significant relationship in China is a negative coefficient for older individuals. In the US, partisan differences play a major role with greater support by Republicans and less support from Democrats; women also are less in favor of for-profit provision of services, but larger households are more in favor.

In combination, the results of Tables 2 and 3 indicate that while the structure of sector preferences appears similar across the countries (as indicated by the factor loadings), the responses are less consistent in China, and the reasons why individuals favor public service delivery by one sector or another vary across the two countries. This suggests that it is possible to do comparative work on the question of sector preference, but that attention needs to be paid to specific contextual factors in the individual country.

Conclusion

This article makes several contributions to the literature on cross-sector delivery of public services, by focusing on understanding public preferences for whether government, nonprofits or for-profits should deliver different services. This knowledge is important to both policymakers, in terms of being responsive to the public's views, and bureaucrats who implement the policies, given its implications on effective service delivery. Citizens' feedback has been shown to enhance the effectiveness of organizations and improve the services provided (Campbell, 2010). Through this study, therefore, we hope to underscore the importance of considering public service delivery preferences as an integral part of privatization debates and implementation decision-making.

We also take a comparative approach to exploring sector preferences using a least similar systems design and surveying respondents in the US and China. A comparative analysis helps us understand whether and how national context factors such as bureaucratic values, reliance on government, and development of nonprofit and for-profit sectors, affect sector preferences.

Choosing two 'least similar' cases in terms of these contextual factors, helps us identify whether the need to understand public preferences is generalizable and suitable for future comparative work.

Our empirical analysis points to the theoretical importance of including national context in the study of sector preferences. The general responses in the US and China are similar enough to indicate that future comparative work in this area would be valuable. Although they have fundamentally different political and economic systems, respondents in both countries all rank order the government sector first, the nonprofit sector second, and the for-profit third in terms of preference. For individual services, the rank orders are generally similar across countries although there are clear differences for some individual services that reflect historical patterns of service delivery in the country. The comparative approach indicates that choice of sector often follows what has been the practice in the country, but these choices are colored particularly in the US by partisan-related attitudes about the role of government. We also find that national contexts and demographic characteristics play different roles in predicting preferences, highlighting the need for more in-depth studies on how citizen attitudes and beliefs shape their preferences for the delivery of services. The attitudes are also more consistent and more predictable with demographic factors in the US than in China.

The findings from this study are generally consistent with Handy et al.'s (2010) study of Canadian college students and their preferences for nonprofit provision of arts and for-profit provision of sports facilities as well as the relatively equal preferences for government and nonprofit hospital provision. The findings differ from Thompson and Elling's (2000) study of Michigan which found majority support for for-profit provision of garbage collection/disposal but was consistent with their findings on elementary and secondary schools.

This study is an exploratory step towards studying citizen sector preferences and, therefore, has its limitations. While the use of online survey-taking platforms allowed us to quickly reach a broad group of respondents in two countries, the non-representative sample means that our results may not be a true representation of the entire population in the US and China. The results do suggest, however, that a fully representative national sample in both countries would provide valuable information. Additionally, the demographic comparability between the two countries, especially in terms of income, education, and age may suffer because of their different social and political development arcs, thereby requiring more specific interpretations of their relationship with sector preferences. Our survey design was also influenced by the exploratory nature of the project, with questions framed broadly and for a certain range of public services (see Handy et al., 2010; Thompson & Elling, 2000). This prevents a more in-depth analysis of the drivers and consequences of different citizen preferences and the generalizability of the findings to all public services provided by each country. The general nature of the survey may also be the reason why we find modest levels of prediction for the link between demographics and delivery preferences.

Another limitation of the study is we know little at this time about how the public forms these preferences and what they are based on. Van Slyke and Roch (2004) indicate that the US public does not have a great deal of knowledge about whether existing services are delivered by public, nonprofit, or for-profit organizations. Surveys that incorporate citizen knowledge would be informative. The forced choice nature of the survey might have artificially induced some subjects to select an option when they were ambivalent about how the services were delivered. More in-depth methods such as focus groups or extended surveys would be valuable to determine why individuals selected the choices that they did and how strong these preferences are.

The findings and limitations point to the need for further research on the role played by public preferences for service delivery in a range of public policy sub-fields. Future research using more representative samples can identify how public preferences differ based on a wider range

of service areas, the actual provision of services, their prior use-levels of services, and their exposure to/trust in nonprofit and for-profit service providers. Exploring the implications of these relationships on citizen coproduction, satisfaction, and performance evaluation will be useful both in the theoretical development of cross-sector research and for implementation decision-making. Additionally, future research can explore the differences and similarities in other country contexts that have different sector compositions for public service delivery and varied citizen demographics. This will help further our understanding of the factors shaping public preferences and its implications on service delivery, which in turn will help inform public decisions on privatization, contract management, and implementation.

Notes

1. We did not ask questions about public safety functions because such services are rarely directly provided by nonprofits (see Ferris & Graddy, 1986). Public safety functions that are contracted out such as vehicle towing are usually contracted with for-profit firms or in the case of police services to other units of government. An exception is that many US volunteer fire departments are actually nonprofit organizations (Henderson & Sowa, 2019).
2. Authenticity checks included meeting certain quality control checks put in place by each internet platform, preventing respondents from retaking the survey, and removing responses that took less than one minute. Attention check questions included asking respondents to answer the same question twice, to type out an answer to a question, and to self-report the usability of their responses. Overall, the checks led to 2% of responses being dropped in the US survey and 7.7% in the China survey.
3. The age categories do not exactly match up. In the US, the cut points are ages 30 and 50.

Disclosure Statement

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Appendix A1. Survey Questions to Collect Respondent Preferences in English

Which type of organizations would you prefer to deliver the following services to you?

	Government	For-Profit	Nonprofit
Nursing Home	0	0	0
Adoption Agency	0	0	0
Trash Collection	0	0	0
Early Childhood Education Service	0	0	0
Postal Service	0	0	0
Sports Facilities	0	0	0
Hospital	0	0	0
Roads/Highways	0	0	0
Electricity	0	0	0
Tree Planting and Maintenance	0	0	0
Local Parks	0	0	0
K-12 School	0	0	0
Community Center	0	0	0
Arts and Culture Center	0	0	0
Library	0	0	0

Appendix A2. Survey Questions to Collect Respondent Preferences in Chinese

您会更倾向于以下哪种机构来提供如下服务?			
	公有	私有	非盈利组织
养老院	0	0	0
医院	0	0	0
小学至高中	0	0	0
幼儿园	0	0	0
早教班	0	0	0
课后兴趣辅导班	0	0	0
大学	0	0	0
图书馆	0	0	0
公园	0	0	0
体育馆/体育场	0	0	0
社区活动中心	0	0	0
艺术文化中心	0	0	0
博物馆	0	0	0
植树及养护	0	0	0
废品回收	0	0	0
垃圾回收	0	0	0
环境卫生维护	0	0	0
邮政服务	0	0	0

Appendix B. Survey Questions to Calculate Citizen For-Profit Bias Factor Using PCA

Many government activities could be produced better and cheaper by private providers.
由政府提供的很多社会服务，如果由私人企业提供的话，质量会更好，价格更优惠。

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

We should, for the most part, contract out government services (such as child care, elderly care, hospital treatments).

我们应该把很大一部分的政府服务外包出去（比如托儿所，医疗服务，养老服务等）。

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strong Disagree

The government is best at providing public services.

公共社会服务的最好提供者是政府部门。

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

Appendix B1. Factor Loadings Sector Bias

	US	China
Q1	0.83	0.87
Q2	0.70	0.88
Q3 (flipped)	0.66	0.34
Eigenvalue	1.62	1.64
Cronbach's Alpha	0.57	0.54

Appendix C. Demographic Characteristics of Respondents

USA (n=1,017)		China (n=1,048)	
Variables	Percent	Variables	Percent
<i>Gender</i>		<i>Gender</i>	
Female	53.1	Female	45.9
Male	45.3	Male	54.1
<i>Race/Ethnicity</i>		<i>Race/Ethnicity</i>	
White	71.9	Han Ethnicity	97.5
Black/African American	9.4	All Other Ethnicities	2.5
Hispanic	5.6		
<i>Age Group</i>		<i>Age Group</i>	
Younger Age Group: 18-30 years	33.5	Younger Age Group: 18-35 years	77.9
Middle Age Group: 31-50 years	50.1	Middle Age Group: 36-55 years	21.4
Older Age Group: 51+ years	15.1	Older Age Group: 56+ years	0.8
<i>Education Level</i>		<i>Education Level</i>	
High School	25.4	High School	3.7
Associate's/Bachelor's Degree	55.4	Associate's/Bachelor's Degree	86.7
Master's Degree or Above	16.5	Master's Degree or Above	10.2
<i>Annual Income</i>		<i>Annual Income</i>	
High Income	22.9	High Income	34.4
<i>Political Affiliation</i>		<i>Political Affiliation</i>	
Democratic/Democratic Leaning	53.6	Communist Party Member	31.6
Republican/Republican Leaning	25.9	No Political Affiliation	67.2
Other	20.6	Other Democratic Party Member	1.2
<i>Number of Persons in Household</i>		<i>Number of Persons in Household</i>	
1 Person in Household	22.4	1 Person in Household	0.9
2 Persons in Household	29.0	2 Persons in Household	3.7
3 or More Persons in Household	47.9	3 or More Persons in Household	95.4

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Doing More With Less: Racial Diversity in Nonprofit Leadership and Organizational Resilience

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Racial diversity in nonprofit leadership presents a variety of benefits crucial for responding to the COVID-19 pandemic. However, leadership remains predominately white. Practitioner-oriented studies decry racial disparities in nonprofit funding, but academic literature offers mixed conclusions on how diversity influences resource acquisition. This article examines associations between racial composition of nonprofit leadership and organizational resilience to the pandemic, based on a survey of New Orleans-based nonprofits in winter 2021. Logistic regressions assess whether leadership diversity increases the likelihood of organizational resilience in both service delivery and financial health, finding that greater board diversity is associated with targeted programming and advocacy to support racially diverse communities, and expanded service delivery. However, greater Black board representation is associated with lack of reserves, threatening financial sustainability. The analysis uncovers disparate effects of racial diversity on resilience for service delivery versus finances, suggesting diverse nonprofits are “doing more with less” in response to the pandemic.

Keywords: Nonprofit Leadership, Racial Diversity, Organizational Resilience, COVID-19 Pandemic, Racial Funding Gap

Introduction

Racial diversity in nonprofit executive and board leadership has been theoretically linked to both ‘social justice’ and ‘business’ benefits (Weisinger et al., 2016). Nonprofits with leaders and boards who demographically reflect the community served, especially when that community is comprised of a large proportion of racial and ethnic minority group members subject to historical and ongoing inequities (Blessett et al., 2019; Dorsey et al., 2020), may be more innovative in responding to community needs and perceived as more trustworthy by community members. In this case, diversity is more narrowly conceived as racial representation of clients and community members among an organization’s leaders, which may simultaneously serve descriptive, symbolic, and substantive functions (Gazley et al., 2010; Guo & Musso, 2007; LeRoux, 2009).

The potential benefits of racial representation in nonprofit leadership are crucial for nonprofits delivering services in response to the COVID-19 pandemic, which has disproportionately harmed communities of color in the United States in the domains of both public health (National Governors Association, 2020; Wright & Merritt, 2020) and economic security (Fairlie, 2020; Groshen, 2020), and demands adaptive and emergent leadership to

guide crisis response (Heifetz et al., 2009; McMullin & Raggo, 2020). Nonetheless, leadership in the U.S. nonprofit sector remains predominately White (BoardSource, 2017; Faulk et al., 2021). A variety of recent practitioner-oriented studies in the nonprofit field decry racial disparities in nonprofit leadership and funding (Dorsey et al., 2020; Douglas & Iyer, 2020; Howe & Frazer, 2020; Kunreuther & Thomas-Breitfeld, 2020). Aspiring leaders who identify as Black, Indigenous, and People of Color (BIPOC) face significant barriers to obtaining leadership roles, and when they do, may lack access to resources and funding networks to grow their organization (Faulk et al., 2016).

However, as scholarly interest in nonprofit racial diversity's implications for organizational performance has increased over the last 20 years, empirical academic literature offers only mixed conclusions on exactly how racial diversity may influence a nonprofit's capacity to acquire and mobilize resources (Fredette & Bernstein, 2019; Fulton, 2021; Garrow, 2012). Additional studies are needed to replicate findings from the grey literature, often based on convenience samples and bivariate analyses, and solidify our understanding of apparent racial inequities in nonprofit funding, with implications for nonprofits' capacity to provide critical services in times of crisis.

This article examines whether the racial composition of a nonprofit's leadership is associated with organizational resilience (i.e., the ability to survive and thrive; Hutton et al., 2021; Kimberlin et al., 2011) during the COVID-19 pandemic, based on survey data collected from a sample of New Orleans-based nonprofits in winter 2021. Resilience is operationalized as sustained short-term financial health, but also the capacity to expand critical services in support of communities most impacted by the pandemic. A series of logistic regressions was conducted to assess whether racial diversity in a nonprofit's leadership—measured as the extent to which its Chief Executive, Board Chair, and board members identify as BIPOC or more specifically Black—increases the likelihood of resilience outcomes in both areas.

The analysis finds that greater representation of BIPOC and Black individuals within a nonprofit's board are associated with targeted programming and advocacy in support of BIPOC and Black communities, and greater resilience in service delivery. At the same time, greater Black board representation is associated with lack of reserves and thus potentially lean operating margins, threatening pandemic response and financial sustainability (Kim & Mason, 2020). The analysis contributes to the nonprofit governance literature by uncovering disparate effects of nonprofit racial diversity on resilience for service delivery versus finances, suggesting diverse nonprofits are 'doing more with less,' but they should not have to be. The article concludes with suggestions for enhancing nonprofit leadership's racial diversity and inclusion, as well as the financial capacity of BIPOC-led nonprofits to avoid burnout and closure, in order to strengthen nonprofit resilience to the ongoing pandemic and concurrent and future disasters (Hutton et al., 2021).

Review of the Literature

This section reviews the academic literature connecting nonprofit racial diversity to performance, specifically organizational resilience to the COVID-19 pandemic. It begins with discussion of potential benefits and challenges of racially diverse nonprofit leadership, and particularly boards, while acknowledging that scholars have not reached a clear consensus on the relevant tradeoffs and contingencies. Less contested is racially representative leadership's positive connection to nonprofits' engagement in racial equity work through responsive services and advocacy in support of BIPOC communities, underlining concerns about the sector's racial leadership gap.

Next, factors contributing to nonprofit resilience to pandemic—both cultural and financial—are examined. While racially diverse nonprofits might demonstrate greater innovation and

therefore resilience in service delivery, their financial resilience may be threatened by a racial funding gap. Funding inequities may have been further exacerbated by the COVID-19 pandemic, despite recent philanthropic pledges to mobilize resources to nonprofits advancing racial justice and serving BIPOC populations disproportionately harmed by the pandemic (Cyril et al., 2021). The section concludes by synthesizing the literature review into three hypotheses motivating the subsequent analysis.

Potential Benefits and Challenges of Racial Diversity

Scholars generally agree that racial diversity portends performance benefits for nonprofits. Weisinger et al. (2016) describe both a ‘social justice’ and ‘business’ case for diversity. In the social justice case, diversity is a moral imperative for correcting historical injustices (i.e., it is the right thing to do), and thus can enhance a nonprofit’s reputation. In the business case, diversity brings the best talent available, attention to diverse clients’ needs, and enhanced creativity and problem-solving, which promote innovation and performance. Board diversity in particular has been proposed to strengthen financial performance, leadership effectiveness, community responsiveness, and cultural sensitivity (Bradshaw & Fredette, 2012), by maximizing the nonprofit’s expertise, influence, empathy, and opportunities for dialogue (Daley, 2002).

Nevertheless, empirical investigations of how nonprofit diversity—and more precisely, racial composition of the board—influences performance have produced mixed and nuanced findings. Board diversity has been found to promote nonprofits’ success on both financial and non-financial measures among institutions of higher education (Harris, 2014). By expanding social networks, greater board diversity can facilitate access to external resources (Faulk et al., 2016; Fulton, 2021). On the other hand, boards with a large proportion of BIPOC representation may be less dominated by wealthy elites, reducing the nonprofit’s social capital and fundraising capacity (Daley, 2002).

The benefits of board diversity may therefore depend on the degree to which a ‘critical mass’ (e.g., at least a certain number or percentage of board members of color) and careful balance of diverse leaders are present (Fredette & Bernstein, 2019). At the same time, a pluralistic board may lack cohesion and coordination (Fulton, 2021), which are critical for nonprofit performance (BoardSource, 2017). Competing subcultures on a board may create power struggles, forcing executive leadership to mediate among stakeholders (Schubert & Willems, 2020). In this way, performance benefits of diversity are moderated by cultivation of an inclusive organizational culture (Buse et al., 2016; Fredette et al., 2016; Weisinger et al., 2016).

In short, evidence that racial diversity in nonprofit leadership contributes to organizational performance—and especially financial performance—is tentative and contingent. A challenge to disentangling the complex relationships between nonprofit diversity and performance is the variety of ways in which diversity has been operationalized (Weisinger et al., 2016). This article focuses more narrowly on representational diversity, as measured by the racial composition of a nonprofit’s executive leadership and board, and specifically the degree to which positions are held by members of traditionally under-represented racial and ethnic groups (Daley, 2002; Fredette & Bernstein, 2019; Kim & Mason, 2018; Weisinger et al., 2016) and are therefore descriptively reflective of a racially diverse community served (Guo & Musso, 2007).

Nonprofit Representational Diversity and Racial Equity Work

Representational diversity is important and carries symbolic and potentially substantive implications for organizational activities (Gazley et al., 2010; Guo & Musso, 2007; LeRoux, 2009). In studies of representative bureaucracy in the public sector, racial representation has been found to enhance service delivery for specific groups, and the organization’s legitimacy as perceived by clients (Ding et al., 2021). Nonprofits with leadership representing racial and

ethnic minority groups, especially when they are embedded in BIPOC communities, may adopt and actualize a mission and values focused on BIPOC populations (Berlan, 2018; Howe & Frazer, 2020; Lacey et al., 2019), who may also be most in need of nonprofit services due to inequities in public investment (Garrow, 2012). In particular, organizations with leadership bonded around a shared BIPOC identity are expected to exhibit greater mission alignment and mobilization in service of racial equity (Fulton, 2021).

Racially diverse nonprofits indeed appear to be more intentional in their efforts to address racial inequities. For instance, churches with more diverse leadership engage more, and more diverse, community members, especially in multicultural urban communities, by appealing to a wider variety of needs through responsive and culturally competent services, building trust through symbolic representation (Perkins & Fields, 2010; Polson, 2015). Similar connections between representation and responsiveness to BIPOC communities have been suggested for arts nonprofits (Kim & Mason, 2018). By delivering more responsive services, racially diverse nonprofits may be more effective in their service delivery (Fredette & Bernstein, 2019). In fact, Gooden et al. (2018) found that African American-led youth-focused nonprofits attain better youth outcomes for their program participants in multiple domains than their peer nonprofits.

Furthermore, nonprofits with specialized service populations are more likely to engage in policy advocacy and civic engagement to promote the interests of marginalized populations they represent and serve, incorporating under-represented voices into the policy process (Howe & Frazer, 2020; LeRoux, 2009; MacIndoe, 2014). MacIndoe (2014) cautions that advocacy, especially when conducted by nonprofits traditionally focused on direct service delivery, requires devotion of slack resources in the form of staff and funds. However, resource-constrained nonprofits might overcome financial barriers to advocacy by engaging in coalitions and less expensive modalities. Nonprofits with diverse leadership may adopt 'group styles' (i.e., modes of cultural interaction and linguistic practices) that enhance their capacity to engage and mobilize particular ethnic groups (Yukich et al., 2020).

That said, nonprofit leaders rarely reflect the racial diversity of the communities they serve, potentially limiting their ability to effectively deliver services to and advocate on behalf of diverse constituents. Nonprofit boards are overwhelmingly White (BoardSource, 2017; Kunreuther & Thomas-Breitfeld, 2020), including (albeit less starkly) those of nonprofits embedded in racially diverse urban communities and serving BIPOC populations (De Vita et al., 2012; Faulk et al., 2021; Ostrower, 2007). Nonprofit staff are also overwhelmingly White and do not reflect the United States' increasingly multicultural workforce (Faulk et al., 2021; Independent Sector, 2020; Weisinger et al., 2016). This racial leadership gap in the U.S. nonprofit sector has troubling implications for its capacity to provide culturally competent services to populations most harmed by the COVID-19 pandemic.

Nonprofit Resilience to the COVID-19 Pandemic

Diversity in organizational leadership, and its promise for delivering responsive services to diverse communities, is even more important during the COVID-19 pandemic, due to the novelty and severity of the crisis (McKinsey & Company, 2020). Before the pandemic struck the United States in spring 2020, BIPOC, and specifically Black and African American, communities faced longstanding disparities and barriers to equitable treatment, outcomes, and investment in a variety of domains (e.g., Blessett et al., 2019; Dorsey et al., 2020; Ford et al., 2021; McKinsey & Company, 2021). These disparities were exacerbated by the pandemic (Wright & Merritt, 2020). In turn, nonprofits with BIPOC leaders stepped "on the frontlines of response and recovery efforts related to both the pandemic and the calls for systemic change" (Douglas & Iyer, 2020, p. 2), including by advocating for racial justice in pandemic response and on broader issues of racial equity (Howe & Frazer, 2020).

To support communities in need, nonprofits must demonstrate resilience to the pandemic's adverse effects on their viability. Resilience is the ability to survive and thrive during a crisis (Hutton et al., 2021; Kimberlin et al., 2011). According to Lee et al. (2013), "To be resilient, organizations rely on strong leadership, an awareness and understanding of their operating environment, their ability to manage vulnerabilities, and their ability to adapt in response to rapid change" (p. 29). Organizations build resilience capacity in normal times and mobilize it when emergencies occur, allowing them to manage disruptions while maintaining service reliability. Resilience is not only an outcome, but also a process by which organizations move through a continuous cycle of adaptation to maintain integrity while regaining stability (Witmer & Mellinger, 2016). "Creating a resilient organization is not a one-time activity" (Kimberlin et al., 2011, p. 12).

There is a dearth of literature applying resilience directly and with precision to nonprofit organizations, and therefore the constellation of characteristics promoting nonprofit resilience remains under-specified. Indeed, when applied to nonprofit organizations, the term resilience has been labelled a "slippery concept" or "buzzword" that implies preservation of an inequitable status quo (Lynn et al., 2021, p. 54); at the same time, others are attempting to "redeem or rebrand" the term as connoting "not merely bouncing back to a predisturbance state, but rather a 'bouncing forward' toward something new" through proactive learning and adaptation (Lynn et al., 2021, p. 54). By instigating positive change, resilience might serve to enhance equity. In this vein, scholars studying nonprofit disaster response and mitigation have identified a variety of specific capacities thought to promote proactive and equitable resilience (Hutton et al., 2021).

Kimberlin et al. (2011) identified entrepreneurial and effective leadership, internal evaluation, external engagement to understand and respond to community and constituent needs, redundant infrastructure, and diversified financial and community support as factors driving nonprofit resilience. More recently, Witmer and Mellinger (2016) likewise suggested that nonprofit leadership plays a foundational role in enhancing resilience by inspiring mission commitment and optimism in the face of crisis, building reciprocal relationships with internal and external stakeholders, improvising, and being transparent about financial challenges. Building on these authors, Hutton et al. (2021) theorized a range of nonprofit capacities that contribute to organizational—and therefore broader community—resilience, including financial and staff management, operational and adaptive capacity, planning and mission orientation, external communication, and board leadership.

As the literature cited above suggests, existing financial resources and infrastructure are important for resilience, but social and cultural factors indicating a broader adaptive capacity—such as leader and staff engagement and experience—may be more crucial (Heifetz et al., 2009; Lee et al., 2013). For example, in New Orleans after Hurricane Katrina, the most resilient nonprofits "reframed their work to fit into the postdisaster context" through adaptation during the response and recovery phases of disaster, allowing them to reflexively react to community feedback, meet emergent community needs, establish a broader community vision for rebuilding, and leverage collaborative relationships to access relief funds from the federal government and philanthropy (Jenkins et al., 2015, p. 1267). In their efforts to pitch in however possible, leadership and staff 'self-care' became a concern, and mental health support and leaves of absence became necessary.

Leadership at the board level may be especially important for nonprofit resilience (Hutton et al., 2021; Kimberlin et al., 2011). Effective boards support innovation needed for adaptation, an effort enhanced by a potentially rare balance between board diversity and cultural cohesion (Jaskyte, 2012, 2018). Whereas homogenous boards are often characterized by conformity and tradition, diverse boards may be better able to monitor the external environment and solve emergent problems, to the extent they can avoid internal conflict and communication and coordination challenges. If racial diversity promotes innovation within nonprofits, it should

also support resilience, as both capacities depend on cyclical processes of adaptation and transformation (Westley, 2013).

Racial Funding Gap in the Nonprofit Sector

Nevertheless, financial resources, and especially financial slack, are critical to organizational survival during a crisis such as the COVID-19 pandemic (Lin & Wang, 2016). Organizations with sufficient financial reserves are more able to maintain services and therefore potential revenue streams when community need increases (Kim & Mason, 2020). Specific financial capacities promoting nonprofit resilience include high operating margins and low debt (that is, opportunities to amass flexible reserves and assets), and external funding relationships permitting stable, long-term funding streams (Faulk et al., 2016). Contrary to popular wisdom, revenue diversification may not promote financial resilience, at least not to severe shocks that evade a ‘quick fix’ of reapportioning funding sources (Lin & Wang, 2016). It is therefore worrisome that BIPOC-led nonprofits, which by and large have adapted to the demands of the pandemic to support communities in crisis (Douglas & Iyer, 2020), may face acute financial strains (Faulk et al., 2021).

While racially diverse nonprofits may experience advantages in innovation and other adaptive forms of resilience, they may simultaneously be disadvantaged in access to funding. Historically, philanthropy has espoused a “color-blind approach,” leading to “chronic underfunding for Black girls and women” (Ford et al., 2021, p. 4) and other marginalized groups. This approach has favored White-led organizations (Kunreuther & Thomas-Breitfeld, 2020). Both individual and institutional donors may be less willing to invest funds in nonprofits with BIPOC executives due to structural racism and the implicit biases it propagates (Dorsey et al., 2020; Howe & Frazer, 2020). While some donors, and especially philanthropic institutions, may increasingly prefer to direct giving towards marginalized communities (Finchum-Mason et al., 2020), sometimes as a condition for grant eligibility, other funders are uncomfortable targeting populations explicitly defined by race (Lockhart, 2008) or may not follow through on public pledges (Cyril et al., 2021).

Likewise, there has historically been a dearth of federal and other public funds targeting Black populations and racial equity work (Ford et al., 2021). Nonprofits representing BIPOC communities may therefore lack opportunities for government funding, despite potential for higher poverty and need for government-funded social services in these communities (Garrow, 2012). At the same time, nonprofits serving BIPOC communities may be disproportionately dependent on government grants and contracts, which carry additional transaction costs in the form of burdensome reporting requirements and other bureaucratic ‘red tape.’ This situation places greater demands on community philanthropy to fill funding gaps (Besel et al., 2011), but racially diverse boards may lack elite connections characteristic of robust fundraising networks.

As a result of funding inequities, BIPOC—and specifically Black-led nonprofits—often lack sufficient funds, staff, capacity, and support to adequately serve under-resourced communities (Douglas & Iyer, 2020; Howe & Frazer, 2020; Wiles-Abel, 2020). Nevertheless, nonprofits with racially diverse and representative leadership are often deeply and personally connected to BIPOC communities and well-positioned to provide culturally competent services. Consequently, racially diverse nonprofits may be forced to demonstrate resilience through creative fundraising and a capacity to stretch limited resources. Historically, many BIPOC-led nonprofits have turned to ‘identity-based philanthropy’ to make ends meet (W.K. Kellogg Foundation, 2012), raising small but consistent donations of money, in-kind resources, and time commitment from non-wealthy individual donors and volunteers (Howe & Frazer, 2020).

Funding Impact of the COVID-19 Pandemic

The financial sustainability of diverse nonprofits is particularly threatened by the COVID-19 pandemic. Estimates suggest the nonprofit sector in the United States lost almost one million jobs from the start of the pandemic in spring 2020 through February 2021, and recovery of nonprofit employment has been slower than in other sectors of the economy (Center for Civil Society Studies, 2021), placing the sector's long-term financial health at risk (Independent Sector, 2020, 2021). A May 2020 survey found that nonprofits across the U.S. were negatively impacted in the early stages of the pandemic, but those providing direct services to disadvantaged communities were most affected by an increase in service demand (Martin et al., 2020). Acute challenges for these communities centered on financial and food security and mental health needs, while nonprofits faced threats to financial security and staff well-being.

Furthermore, individual giving decreased in the early months of the pandemic, a reversal from past disaster response, likely due to the pandemic's generalized and recessionary impacts (Women's Philanthropy Institute, 2020), although giving appears to have subsequently rebounded in the latter half of 2020 (Lilly Family School of Philanthropy, 2021). BIPOC and Black individuals already lacking employment opportunities in high-wage jobs (McKinsey & Company, 2021) were disproportionately harmed by the pandemic's economic impact (Associated Press-NORC Center for Public Affairs Research, 2021; Groshen, 2020). Minority-owned private business losses have been particularly severe, especially for African American owned businesses (Fairlie, 2020). As a result, racially diverse nonprofits may have lost a disproportionate amount of revenue from small-scale individual donors, which were a crucial funding source prior to the pandemic (Faulk et al., 2021).

Many nonprofits in the United States relied on federally guaranteed and potentially forgivable Paycheck Protection Program (PPP) loans, available to organizations of all types with 500 or fewer employees (Williams, 2020). However, access to these loans depended on banking relationships that may be lacking for BIPOC leaders (Douglas & Iyer, 2020). Indeed, an analysis of PPP loans to for-profit businesses found they were disproportionately disbursed to non-BIPOC communities in the first round, though that trend seems to have reversed for subsequent rounds of the program and other federally-backed disaster loans more specifically targeted at smaller and BIPOC-owned or -led organizations (Fairlie, 2020).

Fortunately, institutional philanthropy responded to the pandemic by increasing overall giving in 2020 (Cyril et al., 2021; Independent Sector, 2020; Lilly Family School of Philanthropy, 2021). In particular, foundations of all types disbursed 'rapid response grants' and expanded unrestricted funding to organizations serving BIPOC communities after June of that year (Candid & Center for Disaster Philanthropy, 2021; Finchum-Mason et al., 2020). Funding explicitly targeting racial justice increased markedly in 2020 (Ford et al., 2021), although the exact size of this increase has been contested (Cyril et al., 2021). Further, this support may not be sufficiently large and sustained to overcome the severe need and long-standing inequities (Douglas & Iyer, 2020), or necessarily directed at the most racially diverse nonprofits (Howe & Frazer, 2020). Lingering challenges—including leader and staff burnout—loom in the pandemic's recovery phase (Hutton et al., 2021).

Hypotheses

The literature review suggests three sets of hypotheses related to nonprofit racial diversity and organizational resilience to the COVID-19 pandemic. First, greater BIPOC, and more specifically Black, representation in a nonprofit's executive and board leadership should drive greater engagement in racial equity work, both in terms of explicitly targeting services to BIPOC and Black communities and conducting policy advocacy activities on their behalf. Findings in support of this hypothesis would build on prior research (e.g., Kim & Mason, 2018; LeRoux, 2009; MacIndoe, 2014; Perkins & Fields, 2010; Polson, 2015).

H₁ (Racial Equity Work): Nonprofits with greater BIPOC and Black representation among the Chief Executive, Board Chair, and board membership (i.e., in their leadership) are more likely to target services to BIPOC and Black populations and engage in advocacy.

Second, due to the pandemic's disproportionate impact on BIPOC and Black communities in multiple domains, which exacerbated longstanding inequities and brought increased attention to calls for racial justice, nonprofits with greater BIPOC and Black representation in their leadership should have experienced increased demand for services during the pandemic. In turn, by leveraging racial diversity to enhance innovation and resilience in service delivery, they should have expanded services to meet the increased demand (i.e., they were 'doing more' for pandemic response).

H₂ (Resilience in Service Delivery): Nonprofits with greater BIPOC and Black representation in their leadership are more likely to have experienced increased demand for services during the pandemic and expanded services to meet it.

Third, as a result of funding disparities facing Black- and BIPOC-led nonprofits—the so-called 'racial funding gap'—nonprofits with greater BIPOC and Black representation in their leadership should operate on thinner financial margins and therefore lack slack resources in the form of a reserve fund available for emergencies. Because of systemic exclusion from banks and long-term funding relationships, similar to BIPOC-led small businesses (Fairlie, 2020), they should have faced greater difficulty securing forgivable loans through the Paycheck Protection Program (PPP) and other federal relief programs. That is, racially diverse nonprofits do more 'with less.'

H₃ (Financial Resilience): Nonprofits with greater BIPOC and Black representation in their leadership are less likely to have access to a reserve fund or receive a PPP loan.

Methods and Data

The three hypotheses were tested through survey data collected from a sample of 501(c)3 nonprofits (i.e., 'public charities') in the New Orleans-Metairie Metropolitan Statistical Area (MSA) in the southern United States. The research was approved by the Institutional Review Board (IRB) of the author's academic institution. Relevant aspects of the research context are discussed, followed by description of processes for designing the survey instrument, compiling the sample, and collecting survey data and assessing sample representativeness based on known population characteristics of regional and national nonprofits. This section then details selection of variables and statistical analyses, which applied a series of logistic regressions to test the hypotheses.

Research Context

The New Orleans-Metairie MSA in Southeastern Louisiana, United States, is inhabited by approximately 1.27 million people across about 3,200 square miles of primarily urban and suburban development (Census Reporter, 2019). The MSA's median household income is \$55,710, which is about four-fifths of the U.S. median income. More than 16% of inhabitants, and 24% of children under age 18, live in households with income below the poverty line; the overall poverty rate is 1.3 times that of the United States in total. The MSA is racially diverse, comprised of 51% White inhabitants, and 35% Black inhabitants, in addition to sizable numbers of residents identifying as Latinx and Asian and Pacific Islander. As a result of its large and racially heterogeneous population, it is an ideal area for statistically studying racial diversity and representation.

The New Orleans-Metairie MSA can be viewed as a microcosm of the nonprofit sector in the United States for several reasons. First, according to a recent nationally representative survey of U.S. nonprofits (Faulk et al., 2021), more than four-fifths are headquartered in urban and suburban areas, mirroring the U.S. population, although many of these nonprofits extend their services into rural areas. Second, more than half of nonprofits in the nation are headquartered in relatively 'low-income' communities, and a majority of these nonprofits serve people with household incomes below the poverty level as a primary population. Third, almost 30% of nonprofits nationwide primarily serve Black constituents. All of these demographic characteristics of nonprofits across the U.S. (i.e., mostly urban and suburban, based in areas with below-median incomes, and disproportionately directing services towards Black constituents) are generally descriptive of the MSA. Further, the MSA is not an outlier in terms of the size, density, or finances of its local nonprofit sector (McKeever et al., 2016). Additional considerations and potential limitations for generalizability are discussed further below.

Like many parts of the United States (Blessett et al., 2019; Wright & Merritt, 2020), the MSA's urban core of Orleans and Jefferson Parishes (counties) is characterized by stark racial inequities in life expectancy, median earnings, and education and youth outcomes (Social Science Research Council, 2020). These longstanding and structural racial disparities in human development indicators were further exacerbated by the COVID-19 pandemic (Shervington & Richardson, 2020). Indeed, the MSA was particularly hard hit by the pandemic in March 2020, after Mardi Gras festivities attracted visitors from around the world. New Orleans became an early national epicenter for the virus, raising comparisons to the region's devastation by Hurricane Katrina in 2005. The pandemic's disproportionate effects on BIPOC residents' physical and mental health, as well as economic security, necessitated a robust response from regional nonprofits, especially those directing services to marginalized communities (Hutton et al., 2021).

Instrument Design

To explore effects of the pandemic on nonprofits in the New Orleans-Metairie MSA, an online survey consisting of about 40 closed- and open-ended questions was developed, with input from representatives of the community foundation and funders' network supporting the research. The survey design also benefitted from the guidance of a racially diverse advisory group composed of eight nonprofit leaders based in the MSA. The survey was intended to be completed by the nonprofit's Chief Executive or a delegated staff member, on behalf of the entire nonprofit organization, which served as the unit of analysis. Therefore, questions avoided subjective ratings.

The survey covered nonprofit operations, services, staffing, finances, collaborations, and capacity-building needs, with emphasis on impacts of the COVID-19 pandemic in each area since it struck the region in March 2020. The survey also asked for the racial demographics of the nonprofit's Chief Executive, Board Chair, and board members. Questions about service demand and financial reserves were adapted from the Nonprofit Finance Fund's (2018) State of the Nonprofit Sector Survey. Respondents likely had to gather organizational data, especially on board demographics and finances, prior to completion. Five of eight advisory group members piloted the survey and offered feedback for refining the final instrument. Pilot tests suggest the survey took about 20 minutes to complete after relevant data were compiled.

Sampling Frame Construction

Nonprofits included in the survey's sampling frame were identified through the Urban Institute's National Center for Charitable Statistics' (NCCS) cleaned version of the Internal Revenue Service's (IRS) Business Master File (BMF) for April 2020, listing all tax-exempt organizations actively registered with the U.S. federal government at that time (NCCS, 2020).

Culled from this list were 501(c)3 public charities with addresses based in one of eight parishes (counties) included in the New Orleans-Metairie MSA.

The sampling frame was further limited to public charities that filed IRS Form 990 (i.e., full end-of-year U.S. federal tax filings) since 2018. Only nonprofits with total annual gross receipts of at least \$50,000 file Form 990; nonprofits with gross receipts below this threshold do not report financial data to the IRS, and therefore their exact annual revenues were unavailable for purposes of assessing the sample's representativeness and conducting multivariate analyses. Nonprofits that met this threshold but reported negative or zero revenues in their most recent Form 990 filings available in the dataset were also excluded due to potential inactivity or reporting error.

Also excluded from the sampling frame were especially large nonprofits with qualitatively different experiences of the pandemic—including hospitals, clinics, nursing homes, universities, charter schools, and foundations—as well as religious congregations, which have the option of filing with the IRS (Faulk et al., 2021). The resulting list was matched to email contacts derived from a review of public websites and the sponsoring community foundation's internal contact database to construct a final sampling frame of 614 nonprofits in the MSA with viable email contact information.

Survey Data Collection and Sample Representativeness

The final survey was entered into an online survey platform, and unique links were emailed to the full sampling frame at least weekly between January 12 and February 15, 2021, for a total of almost five weeks. Reminders were variously addressed from the author's institutional email account, and from the accounts of a representative of the community foundation sponsoring the research, in an effort to leverage professional connections to increase the response rate. Respondents who completed the survey by February 1 were entered into a drawing to receive one of four \$50 gift cards to a local business, furnished by the community foundation.

A total of 143 nonprofits out of the 614 included in the sampling frame (23.3%) submitted a complete survey and are included in subsequent analyses. The representativeness of the final survey sample to the overall sampling frame is displayed in Table 1, based on two criteria drawn from the NCCS dataset: (1) the nonprofit's annual revenues, and (2) mission category. The sampling frame was roughly divided into thirds based on annual revenues, with cut points of \$150,000 and \$650,000. Mission categories represent combinations of major subsectors from the National Taxonomy of Exempt Entities (NTEE) nonprofit classification system (Jones, 2019).

Similar to other survey studies' samples (e.g., Faulk et al., 2021), the sample over-represents nonprofits from the sampling frame's largest and, to a lesser extent, middle revenue categories, based on the most recent IRS Form 990 filings available, and under-represents nonprofits in the smallest category, earning less than \$150,000 in revenues in this case. That said, mean revenues for survey respondents ($M=\$2,219,021.72$, $SD=\$5,105,297.62$) and non-respondents ($M=\$1,964,239.00$, $SD=\$7,293,301.28$) were not significantly different, $t(612)=0.39$, $p=.70$.

The sample over-represents health and human services, or 'HHS,' missions (reflecting a combination of NTEE codes), and under-represents 'other' missions, a category combining nonprofits with educational missions and an assortment of missions related to issues such as the environment and animals, international affairs, and so on. The composition of this study's sample in terms of mission type is comparable to the national sample obtained by Faulk et al. (2021); that said, unlike that study, weights were not applied here because of the relative representativeness of the survey sample to nonprofits in the MSA, as well as the potential for

Table 1. Representativeness of Survey Sample to Sampling Frame

Nonprofit Characteristic	% of Sampling Frame (<i>n</i> =614)	% of Survey Sample (<i>n</i> =143)
<i>Total Annual Revenues</i>		
Greater than \$650,000	34.5	46.9
\$150,000 to \$650,000	34.2	39.2
Less than \$150,000 ^a	31.3	14.0
<i>Mission Category</i>		
Arts and Culture	18.4	20.3
Health and Human Services (HHS)	45.6	54.5
Other Missions ^b	36.0	25.2

Note: Data on nonprofit characteristics are derived from the Urban Institute’s National Center for Charitable Statistics’ (NCCS) cleaned version of the Internal Revenue Service’s (IRS) Business Master File (BMF) for April 2020 (NCCS, 2020). Mission category is based on combinations of NTEE major subsector groups.

^a Only nonprofits that filed IRS Form 990 since 2018 (i.e., brought in at least \$50,000 in annual gross receipts) and reported positive annual revenues were included in the sampling frame.

^b Other missions included nonprofits in the education subsector combined with those in the ‘other’ subsector representing an assortment of missions related to issues such as the environment and animals, international affairs, etc.

weighted data to invalidate statistical tests. The rationale for the particular mission groupings used in this study is explained below as it relates to control variables for the logistic regressions. Potential limitations to generalizability of results based on the sample’s lack of perfect representativeness on the specified characteristics are explored later in this article.

Dependent Variables

The three outcomes examined in the hypotheses—racial equity work, resilience in service delivery, and financial resilience—were operationalized through two survey questions each. Variables related to racial equity work were measured through a series of check boxes. Respondents were asked if their services target a number of specific racial and ethnic minority groups, including Black or African American communities, or ‘People of Color’ in general; and, immediately after that, if they engage in a number of advocacy activities, including grassroots advocacy, legal advocacy, lobbying, and organizing. If any of these items were checked, the relevant variable was coded as 1, or as 0 if a box was checked indicating ‘none.’ Those who did not check any boxes were removed from the sample.

Questions about expanding services and receiving a Paycheck Protection Program (PPP) or other federally backed loan (e.g., COVID-19 Economic Injury Disaster Loan, or EIDL), guaranteed by the Small Business Administration (SBA) in response to the pandemic’s economic impact, were likewise measured via check boxes among a list, but each variable was only coded as 1 if the respondent checked that specific item. If the respondent did not check the relevant box but checked at least one other, including a ‘none of the above’ option, their response was coded as 0. The survey questions for increased service demand and existence of a reserve fund each allowed only one choice among the response options.

Descriptive statistics and survey questions for the six dependent variables, representing the three hypotheses, are summarized in Table 2. Note that all six dependent variables were measured dichotomously. About half of the sample responded affirmatively on each variable, except the last pertaining to PPP and other SBA loans ($M=0.81$, $SD=0.39$), which reveals that a large majority of sampled nonprofits received at least one of these loans by early 2021. Similarly, in a nationally representative survey, Faulk et al. (2021) found that almost two-

Table 2. Description of Dichotomous Dependent Variables (n=143)

Dependent Variable	M	SD	Survey Question
<i>Racial Equity Work</i>			
Services Target BIPOC Populations ^a	0.52	0.50	Does your organization specifically target any of the following groups in its programming or services (check all that apply)?
Conduct Advocacy ^a	0.58	0.50	Does your organization engage formally in and of the following advocacy/policy change activities (check all that apply)?
<i>Resilience in Service Delivery</i>			
Service Demand Increased	0.57	0.50	In the past year, did overall demand for your organization's services: Increase, Stay the Same, Decrease?
Expanded Services ^b	0.43	0.50	In which of the following ways has your organization changed its services and/or programming since March 2020: Expanded existing programs or services to more clients or new client populations?
<i>Financial Resilience</i>			
Have a Reserve Fund	0.50	0.50	Does your organization have reserves specifically designated for emergencies and/or opportunities, separate from operating cash on hand: Yes or No?
Received a PPP or SBA Loan ^b	0.81	0.39	Did your organization receive funds from the following types of sources since March 2020: Federal PPP or SBA loan?

Notes: ^a Coded as 1 if any relevant boxes were checked, or 0 for a response of 'none of the above.'

^b Coded as 1 only if the relevant box was checked, or 0 for any other set of responses.

thirds of nonprofits received PPP loans by the same timeframe in early 2021, although they did not ask about SBA loans more broadly.

Independent Variables

Racial diversity within nonprofits has been measured in a variety of ways, ranging from the number of different racial and ethnic minority groups represented, to the percentage of people belonging to various groups, match to community population demographics, indices reflecting the heterogeneity of group membership, ethnicity of individual leaders, and so on (e.g., Buse et al., 2016; Coffe & Geys, 2007; Firat & Glanville, 2017; Fredette et al., 2016; Fulton, 2021; Harris, 2014; Polson, 2015). This article focuses on the disparities facing nonprofits with greater composition of BIPOC (i.e., non-White) and Black individuals in their executive and board leadership, more narrowly indicative of descriptive representation (Guo & Musso, 2007), particularly among nonprofits located in racially heterogeneous communities such as New Orleans and serving racially diverse urban and low-income communities (Faulk et al., 2021).

A nonprofit's Chief Executive, Board Chair, and board all perform critical functions for the organization's leadership and governance (BoardSource, 2017). These nonprofit leaders set the organization's vision and strategic priorities, develop alliances and resources, and assess the external environment (Harrison & Murray, 2012; McMullin & Raggo, 2020). In particular, Board Chairs often serve as an intermediary between the Chief Executive and the larger board,

with implications for innovation, board collaboration and effectiveness, and overall organizational performance (Jaskyte, 2012).

In this article, the degree of racial diversity in the nonprofit's executive and board leadership was measured by three separate variables as follows. Two survey questions asked for the race and ethnicity of the nonprofit's Chief Executive and Board Chair, respectively. Responses were coded into dichotomous variables indicating whether each leader identified as BIPOC (i.e., any race or ethnicity besides non-Hispanic White) or more specifically Black. Survey respondents were also asked to record the total number of members comprising their board, as well as the number of board members belonging to a range of different racial and ethnic groups. Through simple division, these figures were transformed into a percentage of each nonprofit's board members identifying as BIPOC and Black, not including the Board Chair, who was already reflected in the binary variable described above.

The sample means of BIPOC Chief Executives ($M=0.31$, $SD=0.46$) and Board Chairs ($M=0.33$, $SD=0.47$) are both slightly high compared to national estimates, which suggest closer to 80% of these positions are held by White leaders across the U.S., although that proportion drops to a comparable two-thirds for nonprofits in urban areas (Faulk et al., 2021). Nevertheless, leaders in the sample do not fully represent the racially diverse New Orleans-Metairie MSA, which is 49% BIPOC. Black or African American executives ($M=0.26$, $SD=0.44$) and chairs ($M=0.28$, $SD=0.45$) are particularly prominent, comprising about 85% of BIPOC leaders in both categories, but still not representative of the MSA, which is 35% Black. One-fifth of sampled nonprofits have both a BIPOC executive and Board Chair ($M=0.20$, $SD=0.40$).

Sample means for the total number of board members excluding the chair ($M=13.62$, $SD=10.80$), and for BIPOC board members specifically ($M=4.42$, $SD=3.30$), translate into a mean percentage of BIPOC members on the board ($M=0.39$, $SD=0.28$) that comes closer to adequate racial representation of the MSA overall. Indeed, these figures far surpass national estimates suggesting that an average of 80 to 89% of nonprofit board members are White, although this figure is not available for nonprofits located in urban areas (Faulk et al., 2021). More than three-quarters (78%) of all BIPOC board members included in the sample region-wide ($n=490$) are Black. On average, boards in the sample are represented by 1.52 different minority racial and ethnic groups ($SD=0.93$). Nonprofits with a BIPOC executive and/or Board Chair have greater BIPOC representation on their board than their White-led counterparts, at about 60 to 65% on average.

Control Variables

Controls included in multivariate analyses include annual revenues, mission category, and organizational age in years, derived from the NCCS dataset. Board governance practices (Blackwood et al., 2014) and nonprofit financial capacity (Lin & Wang, 2016) have been linked empirically to nonprofit budget, mission type, and age. Ostrower (2007) found that nonprofit age and board racial diversity are negatively associated. During the COVID-19 pandemic, a greater share of funding was directed towards health and human service nonprofits, which are most likely to serve on the front lines of response and recovery (Candid & Center for Disaster Philanthropy, 2021; Independent Sector, 2020). Arts and culture nonprofits, on the other hand, reported the largest share of pandemic-related job losses (Center for Civil Society Studies, 2021).

Annual revenues prior to the pandemic for the sampled nonprofits range from \$21,455 to more than \$30 million, with a median of \$546,453. Mean revenues and the percentages of nonprofits with different mission categories were presented above in relation to sample representativeness. As Table 1 above displays, more than half of the sample is comprised of health and human service nonprofits (54.5%), and another fifth focus on arts and culture

(20.3%). For multivariate analyses, the miscellaneous category of ‘other’ missions served as the reference group.

Nonprofit ages in years between founding and survey collection in February 2021 range from 3.40 to 100.98, with a mean of 26.17 ($SD=21.12$) and median of 19.23. Revenues and age were logged in multivariate analyses to reflect percentage changes. Nonprofits’ staff size, in terms of full-time equivalent (FTE) staff, were self-reported in the survey but not included in analyses due to potential multi-collinearity with revenues, $r(141)=.78$, $p<0.01$. However, for reference, staff FTEs ranged from one to 480, with a mean of 24.00 ($SD=65.44$) and median of six. No significant differences in average FTE staff size were found for nonprofits with BIPOC or Black as opposed to white Chief Executives and Board Chairs.

Analysis

Hypotheses were tested through a series of logistic regressions (Peng et al., 2002), using SPSS Version 27, incorporating the seven variables detailed above. Logistic regression is appropriate for dichotomous dependent variables with mutually exclusive response categories. Ten or more observations per predictor and a minimum sample size of 100 are recommended; both of these requirements were met in the parsimonious models. Logistic regression does not assume normally distributed predictors. However, it requires a linear relationship between continuous independent variables and the logit transformation of the dependent variable. This assumption was met for all but the last model through the Box-Tidwell Test, as will be noted in the next section. Continuous independent variables were tested for multi-collinearity; none was found.

Models were explored for goodness-of-fit compared to a null model based on both the likelihood ratio with χ^2 test of significance, and the percentage accuracy of model predictions, reported in the next section for each model. Pseudo- R^2 values were not reported because of lack of interpretability for logistic regressions (Peng et al., 2002). Hosmer-Lemeshow tests were also not reported for simplicity, but all models passed. Regression coefficients were converted to odds ratios, indicating the change in the odds of the dependent variable being satisfied given a one-unit change in the predictor variable, when all other predictors are held constant. An odds ratio greater than one suggests the predictor increases the likelihood of the dependent variable being satisfied, while an odds ratio less than one means the opposite. Due to the exploratory nature of this analysis and difficulty interpreting odds ratios across the range of values for the independent variables, results focus on coefficients’ direction and significance but not precise magnitude.

Results

Results of six logistic regression models testing the three hypotheses are displayed in Table 3 for BIPOC leadership more broadly. As will be explained below, more specific analyses of Black leadership exhibited similar patterns as displayed in Table 3, except for in Models 3 and 5 where demand increase and existence of a reserve fund served as the respective dependent variables. The similarity in results is not surprising given that three-quarters or more of BIPOC leaders in the sample are Black. Only the findings for BIPOC leaders are presented in Table 3 because the larger sub-sample allowed for more statistical power and confidence in the resulting models and odds ratios.

Five of the six models significantly improved fit compared to the null model and accurately predicted almost two-thirds or more observations, notably better than chance. The exception was the sixth model with receipt of a PPP or SBA loan as the dependent variable; this model exhibited poor fit, and its accuracy was skewed because 81% of nonprofits in the sample reported receiving a PPP or SBA loan. Control variables for mission category, compared to the

Table 3. Results of Logistic Regressions (n=143)

	Racial Equity Work		Resilience in Service Delivery		Financial Resilience	
	(1) Target BIPOC	(2) Advocate	(3) Demand Increased	(4) Expanded Services	(5) Reserve Fund	(6) PPP Loan
<i>BIPOC Leadership</i>						
Executive	0.964 (0.497)	0.793 (0.492)	0.688 (0.499)	0.257* (0.537)	1.952 (0.506)	1.577 (0.616)
Board Chair	1.863 (0.510)	0.732 (0.513)	0.644 (0.530)	3.002* (0.524)	0.663 (0.514)	0.439 (0.622)
% Board	10.498* (0.913)	10.579* (0.883)	8.785* (0.885)	2.397 (0.852)	0.310 ^a (0.836)	0.240 (1.080)
<i>Control Variables</i>						
Ln(Age)	0.682 (0.284)	1.031 (0.268)	0.507* (0.279)	0.619 (0.274)	1.807* (0.271)	0.649 (0.344)
Ln(Revenue)	1.191 (0.146)	1.383* (0.149)	1.168 (0.144)	1.331* (0.142)	1.247 (0.142)	1.433* (0.182)
<i>Mission Category^b</i>						
Arts	3.043 (0.587)	0.497 (0.547)	0.332 (0.566)	0.871 (0.553)	1.617 (0.555)	1.896 (0.797)
HHS	0.781 (0.449)	1.118 (0.432)	1.125 (0.441)	0.906 (0.434)	1.020 (0.434)	0.556 (0.553)
Constant	0.100 (1.798)	0.009* (1.889)	0.798 (1.786)	0.053 (1.745)	0.012* (1.816)	0.361 (2.237)
<i>Model Fit Statistics</i>						
χ^2	29.312*	18.929*	24.860*	17.290*	22.835*	13.540
Accuracy %	70.6	67.1	71.3	64.3	67.1	82.5 ^c

Note: Table displays odds ratios (SE) from separate models for six dependent variables across three hypotheses; *p<0.05.

^a See text for results of alternate specification.

^b HHS=health and human services; reference category is ‘other’ mission.

^c Sensitivity (i.e., correctly predicted yes) is 99.1%, but specificity (i.e., correctly predicted no) is only 11.1%.

reference group of nonprofits with ‘other’ missions, were not significant predictors of the outcomes variables and will not be discussed further. The remaining results are detailed below for each of the three hypotheses, tested by two models each.

H₁: Racial Equity Work

The first hypothesis was supported by the data, as shown in Models 1 and 2. That is, an increase in the percentage of BIPOC and Black representation on the board (excluding the chair) is associated with significantly greater likelihood that the nonprofit explicitly targets BIPOC and Black populations in its programs and services and conducts advocacy, in particular labor-intensive grassroots advocacy and organizing (results not shown). Similar to what Kim and Mason (2018) found, having a BIPOC or Black Chief Executive or Board Chair did not predict engaging in racial equity work, possibly because advocacy is more deeply institutionalized in a nonprofit’s services through its mission, strategies, and budget, set by the larger board in response to community needs and possibly demographics. Greater revenues also increased the likelihood of conducting advocacy, replicating prior research (MacIndoe, 2014). More study is needed of the degree to which and how individual nonprofit leaders, larger boards, nonprofit

resources, and community characteristics interact to influence nonprofit engagement in advocacy, particularly in support of communities of color (Kim & Mason, 2018; Mason, 2015).

H₂: Resilience in Service Delivery

The second hypothesis was partially supported. Nonprofits with greater BIPOC representation on the board were significantly more likely to experience increased service demand during the pandemic, possibly driven by the relevance of their services to communities disproportionately impacted by the pandemic. However, under the alternate specification using indicators of Black leadership, the coefficient for percentage of board members identifying as Black was not significant. Older nonprofits were less likely to experience an increase in demand; indeed, nonprofit age in years was negatively correlated with the percentage of the board identifying as BIPOC, $r(141)=-0.29, p<0.001$. Model 3 suggests more racially diverse (at least in terms of BIPOC board representation more broadly) and newer nonprofits were more directly affected by the pandemic in their service delivery.

Having a BIPOC or Black Board Chair significantly increased the likelihood the nonprofit expanded services during 2020, whereas having a BIPOC or Black Chief Executive decreased it. These individuals may have played a more pivotal role than the larger board in guiding short-term strategic response to the pandemic. It is possible BIPOC Board Chairs more actively called for service expansion, such as to establish a legacy during their term, while BIPOC Chief Executives may have lacked resources to do so, or already oversaw a sufficient level of direct service delivery. Indeed, nonprofits with larger revenues were more likely to expand services, probably due to resource availability.

However, interpretation of this mixed result would be speculative, and it invites more exploration of the dynamics between executive and chair (Harrison & Murray, 2012), and the implications of potential conflict on these leaders' ability to adapt and successfully navigate crisis (Heifetz et al., 2009; McMullin & Raggo, 2020), especially when leaders do not share racial and cultural characteristics. Qualitative study of these dynamics within particular nonprofits throughout the process of making strategic decisions may be instructive and suggest additional variables to investigate quantitatively.

H₃: Financial Resilience

The third hypothesis related to a racial funding gap—as narrowly operationalized in this study—was not directly supported by the data for BIPOC leadership, but it was partially supported for Black leadership. The degree of BIPOC representation in the nonprofit's leadership did not predict the existence of a reserve fund; instead, only older organizations were more likely to have a reserve in the initial specification. On the other hand, when the independent variables in Model 5 were replaced with indicators of Black leadership, the coefficient for the percentage board composition became significant in the hypothesized direction (odds ratio=0.140, $SE=0.970, p<0.05$). This finding suggests a gap in reserves indeed exists for nonprofits with greater Black representation on their board, and these nonprofits may operate on leaner financial margins despite their greater propensity to target BIPOC and Black populations with their services and advocate.

Next, the degree of BIPOC or Black representation did not predict receipt of a PPP or SBA loan; however, Model 6 exhibited poor fit to the data and did not pass the Box-Tidwell Test for meeting assumptions for logistic regression. Rather, nonprofits with larger budgets were more likely to receive a federally backed loan, as suggested by Faulk et al.'s national study (2021). That said, in bivariate statistics, nonprofits that reported receiving a PPP or SBA loan had significantly less BIPOC representation on their board ($M=0.37, SD=0.26$), compared to nonprofits that did not receive a federal loan ($M=0.50, SD=0.33$), $t(141)=-2.25, p=0.026$; the percentage difference was similar in magnitude and significance for Black representation.

Loan recipients were significantly more likely to report having a reserve fund at the time of the survey, 56.0% to 22.2% of non-recipients, $\chi^2(1, n=143)=10.016, p=0.002$. Although the causal direction of this relationship is unclear, it suggests that emergency federal loans and reserve funds are mutually supportive and potentially promote overall organizational resilience to disaster, as suggested by the literature (Kim & Mason, 2020; Lin & Wang, 2016). More nuanced studies using exact loan amounts over the full duration of the program should explore the extent of racial disparities in, and the financial impact of, nonprofits' receipt of PPP or SBA loans, seeking to replicate studies of for-profit businesses (Fairlie, 2020).

Lastly, nonprofit annual revenues and cumulative assets prior to the pandemic, derived from the NCCS (2020) dataset, were analyzed for any additional bivariate evidence of a racial funding gap among the surveyed nonprofits. BIPOC board composition and the organization's revenues, $r(141)=-0.03, p=0.77$, or cumulative assets, $r(141)=-0.11, p=0.19$, were not significantly correlated; likewise for Black board representation. However, nonprofits with White Board Chairs had notably greater assets on average ($M=\$4,578,450.22, SD=\$11,299,878.81$) compared to those with BIPOC Board Chairs ($M=\$1,379,960.81, SD=\$2,111,962.75$), $t(141)=-1.92, p=0.057$. This pattern held for Black Board Chairs as well. Differences in assets for BIPOC or Black executives, or in revenues for any category of leader, did not reach this marginal level of significance. This preliminary finding implies that nonprofits in which BIPOC board members are selected by their peers to assume substantive voluntary leadership roles may be most likely to suffer from a racial funding gap (Howe & Frazer, 2020).

Sensitivity Analyses

The analyses summarized above operationalized board racial diversity as the *percentage* of BIPOC or Black members. Fredette and Bernstein (2019) instead raised the importance of having a 'critical mass' and balance of racially diverse board members, measured through higher-order effects, which present interpretation challenges within logistic regression. A critical mass of multiple minority board members may gain sufficient presence, voting influence, and voice to avoid 'tokenism' and substantially influence nonprofit governance. Sensitivity analyses suggest that inclusion of quadratic and cubic terms for the percentage of BIPOC or Black board representatives enhance model fit for Models 4 through 6, but the pattern of results across models was otherwise unchanged from Table 3 above (results not shown). Likewise, models substituting the *number* of BIPOC or Black board members for percentage obtained the same pattern of results as reported in Table 3 (results not shown).

Finally, models for each dependent variable were run with different number and percentage *thresholds* of BIPOC and Black board members (results not shown). These analyses suggest that a critical mass of minority board membership, where the binary threshold variable becomes a significant predictor of outcomes in Models 1 through 3 as reported above (i.e., the nonprofit becomes significantly more likely to target BIPOC and Black communities through services, advocate, and have experienced an increase in service demand during the pandemic) may fall at about two to three BIPOC or Black board members, and/or approximately 20% to 40% BIPOC or Black board composition.

These findings generally comport with those of Fredette and Bernstein (2019) and other literature they cite on board diversity. The possibility that just two to three BIPOC board members may influence an organization's strategies is encouraging, especially when 70% of boards nationwide have at least one BIPOC member (Faulk et al., 2021). However, these findings are preliminary and exploratory, and the possibility of specifying a universal critical mass of racially heterogeneous board members for achieving desired outcomes deserves more investigation, particularly outside the context of logistic regression where higher-order effects are difficult to interpret quantitatively. Nonetheless, the overall pattern of results from these sensitivity analyses supports the study's initial conclusions.

Discussion

The logistic regression results suggest unequivocally that New Orleans-based nonprofits with greater representational diversity in terms of BIPOC composition of the board leadership and membership are ‘doing more’ in response to the COVID-19 pandemic. That is, they are more likely to report targeting services to BIPOC communities, conducting grassroots-level advocacy to support them, experiencing an increase in service demand, and expanding services to meet that demand. Service expansion was specifically driven by BIPOC Board Chairs, possibly showcasing adaptive and emergent leadership in a crisis (Heifetz et al., 2009; McMullin & Raggo, 2020). The decreased likelihood of BIPOC Chief Executives to expand services requires more exploration and suggests that board diversity may supersede that of executive leadership in enhancing resilience outcomes, at least in terms of service delivery as measured in this analysis. Not surprisingly, both advocacy and service expansion are supported by larger annual revenues, emphasizing a crucial role for financial resources in times of crisis (Kim & Mason, 2020).

Findings were less certain about whether racially diverse nonprofits were doing more ‘with less’ during the first year of the pandemic. BIPOC representation was not associated with existence of a reserve fund or receipt of a PPP or other federally backed SBA loan, based on self-reported data. That said, nonprofits with a larger percentage of Black board members were less likely to have access to a flexible reserve to draw on for emergency resources, suggesting that Black-led nonprofits are especially vulnerable financially (Lin & Wang, 2016), potentially due to systemic exclusion from funding networks (Faulk et al., 2016). This is concerning given that nonprofits with greater Black board representation are simultaneously more likely to advocate and expand services to communities disproportionately impacted by the pandemic. Recent practitioner-oriented studies have arrived at similar conclusions (Dorsey et al., 2020; Douglas & Iyer, 2020; Howe & Frazer, 2020; Kunreuther & Thomas-Breitfeld, 2020).

This nuanced finding around financial resilience is even more concerning in light of the increase in pledged philanthropic support to Black-led nonprofits and causes in the second half of 2020 (Candid & Center for Disaster Philanthropy, 2021; Cyril et al., 2021; Finchum-Mason et al., 2020). Indeed, the New Orleans area was a large beneficiary of this support (Candid, 2021). However, it implies that much work remains for these targeted efforts to eliminate longstanding racial disparities in nonprofit funding, and that Black-led nonprofits in particular are devoting scarce resources towards direct service delivery to support communities with acute needs. Philanthropic institutions, including a community foundation in New Orleans supporting this research, also actively provided information, technical assistance, and connections to help nonprofits access PPP loans, and subsequent rounds of the program focused on smaller and minority-led organizations (Fairlie, 2020). These efforts may explain the high degree of PPP loan receipt within the sample. This large-scale, exogenous intervention alone may have mitigated the financial toll of the pandemic on the regional nonprofit sector.

Implications for Racial Equity

It appears that racial diversity in nonprofit leadership indeed enhances nonprofits’ responsiveness to racially diverse populations most in need of services, especially during a severe and unevenly felt crisis like the COVID-19 pandemic. However, this article’s analysis replicated a racial leadership gap in the regional sector, comparable to the nationwide gap (Faulk et al., 2021). Just as troubling, Mason (2020) found that nonprofits (in this case, associations) lack engagement in diversity, equity, and inclusion (DEI) practices that might serve to mitigate the gap and help capitalize on the substantial benefits of racially diverse leadership. A separate report found that DEI is increasingly prioritized by nonprofits, but this

interest has not resulted in concrete cultural changes sector-wide (Kunreuther & Thomas-Breitfeld, 2020).

Promising practices that promote DEI—including formal policies (Bradshaw & Fredette, 2012; Buse et al., 2016) related to employee hiring, training, mentoring, and benefits (Mason, 2020)—help develop under-represented employees as organizational leaders. But support of existing leadership is crucial for organization-wide adoption of these practices (Brimhall, 2019). An internal change agent can pressure the organization to diversify and ensure efforts are adequately resourced and integrated into organizational culture and strategies (Daley, 2002; Mason, 2015, 2020). The pandemic and accompanying calls for racial justice present a unique opportunity for ‘institutional entrepreneurs’ to promote DEI practices and cultivate a more inclusive organizational culture.

Results of this article’s analysis suggest DEI efforts may need to begin with the board, given its potential internal and external advocacy roles (BoardSource, 2017). Board diversity and responsiveness to community needs (e.g., via advocacy initiatives) tend to follow the diversity of the community served and operated in (Bradshaw & Fredette, 2012; Kim & Mason, 2018). Expanding board size may present opportunities to recruit a racially representative board, but targeted board recruitment efforts lack the advantage of offering financial incentives (Fredette et al., 2016).

Paradoxically, formation of racial affinity groups focused on anti-racism may promote inclusion within the board (Blitz & Kohl, 2012; Pour-Khorshid, 2018), by creating internal trust through bonding (Fredette & Bradshaw, 2012; Weisinger & Salipante, 2005), which supports broader cultural change. A good starting place is board self-assessment of DEI competencies (Millesen & Carman, 2019), which can be expanded to simultaneously assess organizational resilience and adaptive capacity (Lee et al., 2013) considering potential synergies between those constructs.

Implications for Organizational Resilience

But it is not sufficient to merely diversify nonprofit leadership. The ability of racially diverse—and especially Black-led—nonprofits to resiliently expand services despite financial constraints suggests an adaptive capacity rooted in cultural factors, such as leader and staff motivation and mission orientation, flexibility and innovation, and collaboration. But is this form of ‘doing more with less’ resilience sustainable without financial support? In normal times, a nonprofit’s commitment to social justice may enhance staff retention and job satisfaction (Vincent & Marmo, 2018). But during the pandemic, the workload and stress have taken a toll on BIPOC leaders (Douglas & Iyer, 2020). Adequate compensation and staff capacity are needed to promote self-care among nonprofit leaders and staff (Johnson, 2021; Selden & Sowa, 2015).

Indeed, results of this study suggest that organizational resilience to disasters can be separated into two sets of capacities, or factors, which may be in tension: the capacity to expand services to meet emergent community needs (Jenkins et al., 2015), and the capacity to adequately resource organizational operations throughout a disaster and beyond (Lin & Wang, 2016). While resource slack in the form of reserves and government emergency funds may support service continuity and expansion (Kim & Mason, 2020), some nonprofits—particularly those led by individuals from economically marginalized communities—may nonetheless expand services through ‘sweat equity’ alone.

This determination is laudable but not equitable or sustainable (Jenkins et al., 2015), and creates vulnerabilities to burnout and concurrent disasters such as hurricanes (Hutton et al., 2021). In fact, Hurricane Ida struck New Orleans in August 2021 and preyed on exactly these sorts of vulnerabilities, especially within communities of color (e.g., Robinson, 2021). ‘Doing

more with less' is not an acceptable form of long-term resilience; the construct needs to be updated to denote more equitable rebuilding and strengthening of vulnerable communities, through the adequately resourced leadership of members of those communities (Lynn et al., 2021). In turn, nonprofit leaders of all backgrounds must practice wise stewardship of their resources during non-disaster times, such as by compiling reserves so they can allocate slack resources towards service expansion and staff care when disaster strikes (Sontag-Padilla et al., 2012).

This article's analysis appears to justify recent philanthropic and fundraising focus on Black-led organizations (Cyril et al., 2021; Ford et al., 2021), and supports the case for holding donors accountable for honoring pledges made in 2020 to sustain and amplify support of organizations and causes that center BIPOC and Black communities going forward (Beer et al., 2021). Likewise, government—particularly at the federal level—should be held accountable for equitably distributing emergency funds, such as PPP loans, according to need, and providing technical assistance to help people of color access these resources (often through nonprofits), such as was apparently done in subsequent rounds of PPP loans (Fairlie, 2020).

In turn, funders may be rewarded by a better social return on their investment, as more of their dollars flow directly to addressing inequities facing marginalized communities (Norman-Major, 2011). And they may build authentic trust with marginalized communities they purport to help (Cyril et al., 2021). The need and urgency for financial support continue to exist (Faulk et al., 2021; Howe & Frazer, 2020), and nonprofits with racially diverse leaders will depend on a genuine and continuous expansion of their social capital and funder networks for long-term sustainability (Fulton, 2021). Such investment may allow more nonprofits to target services and advocacy towards marginalized communities, and thereby better address the root causes of inequities.

More specifically, as others have recommended, donors, and especially institutional funders, would be wise to target even more resources to BIPOC- and Black-led nonprofits and communities, with special attention to the racial (and potentially gender) composition of boards; supplement grants with technical assistance, particularly for first-time applicants and grantees; offer unrestricted funding to support organizational development and grassroots-level advocacy; and track and report grant-making data disaggregated by leader race (Dorsey et al., 2020; Ford et al., 2021; Howe & Frazer, 2020). Funders should be careful to ensure their grants do not alter the community-focused missions, strategies, and programming adopted by nonprofits serving marginalized populations (Sontag-Padilla et al., 2012), such as by following the lead of foundations more experienced with 'social justice philanthropy' (Suarez, 2012). Above all, funders must sustain support into the pandemic's recovery phase to reverse a historical pattern of returning to prior levels of giving after an immediate crisis begins to subside (Lawrence, 2010).

Limitations

The results of the analysis presented in this article are robust; however, they suffer from potential limitations. Survey data were self-reported by the nonprofit's Chief Executive or a staff delegate, and the survey was initiated by a community foundation serving the region, which may have introduced bias towards socially desirable responses. The point-in-time survey produced cross-sectional data insufficient for drawing causal conclusions. Indeed, it is possible the sampled nonprofits' leadership became more racially diverse over the prior year given the increased attention to DEI, although the survey found similar leadership demographics as a comparable study of the region's health and human services nonprofits almost a decade ago (De Vita et al., 2012). There is also potential bias from nonprofits' self-selection into the survey sample.

This article focused on the extent of descriptive representational diversity (Daley, 2002; Guo & Musso, 2007; Weisinger & Salipante, 2005; Weisinger et al., 2016) and did not explore board heterogeneity, match to community demographics, or inclusion (Fredette et al., 2016; Fulton, 2021). Nor did the analysis explore effects of leader tenure (Achbari et al., 2018), with implications for inclusion and trust-building, or how gender and other marginalized identities may intersect with race (Weisinger et al., 2016) to moderate effects of racial diversity on nonprofit resilience (Buse et al., 2016). The sample size was too limited to adequately explore the significance of interactions and moderating variables.

In terms of generalizability, the survey sample excludes less formalized nonprofits that did not file IRS Form 990, and over-represents nonprofits with larger revenues, likely limiting ability to draw conclusions about smaller nonprofits like 'mutual aid organizations' whose leadership may be more racially diverse and funding challenges more severe (Tolentino, 2020). The research context of the New Orleans-Metairie MSA is more racially diverse than the nation overall, with implications for leadership diversity (Bradshaw & Fredette, 2012; Kim & Mason, 2018; Ostrower, 2007) and nonprofit missions and target populations (Lecy et al., 2019). The U.S. South has a long history of racial discrimination, but the localized survey did not permit controls for regional characteristics.

That said, as discussed above, the New Orleans area is broadly representative of the national nonprofit sector in many respects, at least when compared to nonprofits located in urban and suburban (as opposed to more homogenous rural) communities nationwide (Faulk et al., 2021). Even in rural areas with limited racial diversity, the presence of just two or three board members of color may substantially influence a nonprofit's strategies and commitment to marginalized communities. New Orleans' racial diversity permitted a sufficient degree of nonprofit executive and board diversity for multivariate analyses, avoiding sampling limitations experienced by similar studies (e.g., Fredette & Bernstein, 2019). At the same time, majority-BIPOC and majority-White communities appear to exhibit similar donation trends in recent years (Faulk et al., 2021).

This particular region has experience with disaster response and a history of resilience following Hurricane Katrina (De Vita et al., 2012; Jenkins et al., 2015). The analysis is limited to nonprofits in the midst of responding to the COVID-19 pandemic, and the observed patterns may not extend to other non-crisis contexts or even other types of crises, such as natural disasters. The pandemic is different from other types of natural disaster, like hurricanes, because of its long duration with intermittent surges, focus on healthcare services, demands for social distancing, and global versus localized impact; that said, reliance on nonprofits for serving the basic needs of vulnerable communities is consistent across disasters (Hutton et al., 2021). Thus, while the pandemic may be more severe and impactful than other more acute types of disaster, the resilience capacities nonprofits need to survive and thrive through it are not unique. And as COVID-19 continues to evolve, and climate-related disasters proliferate, nonprofit resilience becomes a concern not only in disaster response, but also during calmer times.

Future Research

More study is needed on determinants of racial diversity in nonprofit leadership (Bradshaw & Fredette, 2012), and how diversity promotes a nonprofit's internal DEI practices (Fulton, 2021; Mason, 2020) and external racial equity work (Kim & Mason, 2018). Qualitative interviews and focus groups with nonprofit executives and board members, and case studies of nonprofits from multiple subsectors, would be fruitful. In particular, studies might assess the degree to which DEI practices, and advocacy efforts and programming explicitly targeting BIPOC communities, are initiated and institutionalized by the board, Board Chair, Chief Executive, or some combination of nonprofit leaders, within different organizational cultures and contexts. Racial differences between the Board Chair and Chief Executive are especially

ripe for examination (Harrison & Murray, 2012; McMullin & Raggo, 2020), with implications for DEI and service expansion in crisis response and during non-crisis times.

More rigorous causal analysis of potential relationships between nonprofit diversity and resilience factors explored in this article is also needed, such as through more complex factor analyses of resilience capacities, structural models, and panel data permitting survival analysis. For instance, studies might explore causal links between racial diversity and organizational adaptation and innovation (Westley, 2013), as well as other factors potentially promoting nonprofit resilience (Kimberlin et al., 2011) to the COVID-19 pandemic and other disasters (Hutton et al., 2021). In particular, the role of collaborations and social networks as mediators between nonprofit diversity and resilience should be examined. Extant validated self-assessment tools could be synthesized and applied (Lee et al., 2013; Millesen & Carman, 2019), and specific practices supporting resilience could be identified and replicated. Because resilience is theorized as a process in addition to an outcome (Witmer & Mellinger, 2016), qualitative studies would also be fruitful here.

Lastly, future research should analyze the degree to which public and philanthropic investments in Black-led nonprofits, causes, and communities are sustained and amplified over the longer term and post-pandemic, and which funding and capacity-building mechanisms show the most promise for institutionalizing structural changes to address the nonprofit racial funding gap and other racial inequities confronting the sector. Targeted, forgivable federal emergency loans and private grants have the potential to mitigate racial disparities in nonprofit funding, but it remains to be seen whether pledges will be honored and make a meaningful impact (Cyril et al., 2021). Researchers might also explore the potential role of tightly coupled funding networks in perpetuating the racial funding gap through systematic exclusion of BIPOC- and Black-led nonprofits (Faulk et al., 2016). As public and private funders become more savvy in directing grants where they are most needed, they should release data on grant-making criteria and results (Beer et al., 2021), so that scholars can conduct empirical analysis of how best to operationalize the complex construct of a 'Black- or BIPOC-led' nonprofit, with consequences for equity.

Conclusion

The research presented in this article was intended to partially replicate prior practitioner-oriented studies on the importance and challenges of racially diverse representation in nonprofit leadership, especially as it relates to funding disparities; empirically connect scholarly research on nonprofit racial diversity to COVID-19 pandemic response and organizational resilience through crisis more broadly; and assess the degree of empirical support for the need and short-term outcomes of targeted funding efforts to address racial inequities hindering Black- and BIPOC-led nonprofits and the communities they serve from flourishing. It is the author's hope the findings serve as a call to action, invigorating strategically targeted funding streams, equitable shifts in organizational practices, and a sustained research agenda on the far-ranging implications of diversity in nonprofit leadership. To that end, nonprofit scholars and practitioners have work ahead, so that BIPOC and Black leaders may do more with more, not less.

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Testing the Strategic Response Model to Show Joint Effect of Resource Dependency and Centrality in Donor Network on NGO Response to Donor Demand

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The Strategic Response Model (SRM) integrates two constructs, an organization's resource dependence and network centrality, to predict response to an external demand. This article puts the SRM to test to demonstrate its applicability as a management tool to help with decision-making. Using forty-nine Lebanese nongovernmental environmental organizations' (NGOs') responses to bilateral donors who changed funding interests, the results are consistent with the model's prediction of three types of responses, *exit*, *voice*, and *adjustment*, regardless of which of three resource dependency variables are used. To add context to this test of the SRM model, the dynamics within a larger system of resource pursuit and allocation across sectors, especially for non-Western settings characterized by turbulence and uncertainty, are discussed. Donors and nonprofits need to consider short- and long-term strategic decisions, knowing that relationships created and fostered may be as important as resources provided and consumed.

Keywords: Resource Dependence, Network Centrality, NGOs, Funding, Strategic Response Model

Introduction

There is still much to learn about NGO pursuit of funding and the network-related effects of a donor's involvement in a mission domain. The literature on NGOs and donors primarily focuses on dyadic relationships, not on dynamics within a network of a donor's potential and existing funding recipients. Scholars also tend to examine the donor, not the NGO resource seeker, as the decision-maker (e.g., Doerfel et al., 2017; Mosely, 2012; Van Slyke, 2007). As important as it is to understand the decisions of funding organizations, it also is important to understand the decisions of potential recipients of funding (Eng et al., 2012). AbouAssi and Tschirhart (2018) help fill this gap with a Strategic Response Model (SRM) to predict NGO responses to a donor with changed funding demands and interests, illustrating the responses with four qualitative case studies but no quantitative analysis.

This article presents the first quantitative test of the SRM using measures that NGO leaders could easily employ as part of active decision-making and reflections on old decisions. The

SRM shows what leaders implicitly or explicitly said influenced their decisions; and the qualitative analysis of interviews revealed the model components. To make the model more useful as a management tool, we test objective measures that likely could be calculated by leaders as they are making their decisions. Given that our quantitative approach shows that the model has predictive power, we argue that it may be useful to NGO leaders to help them assess their options and examine assumptions and biases that may be affecting their decisions.

We analyze NGO responses within two donor networks and demonstrate that, as the SRM suggests, resource dependency combined with network centrality predicts NGO response to changed donor demands. After briefly presenting the model and hypotheses for empirical testing, we present the methodology and findings, and then discuss possible implications.

The Strategic Response Model (SRM)

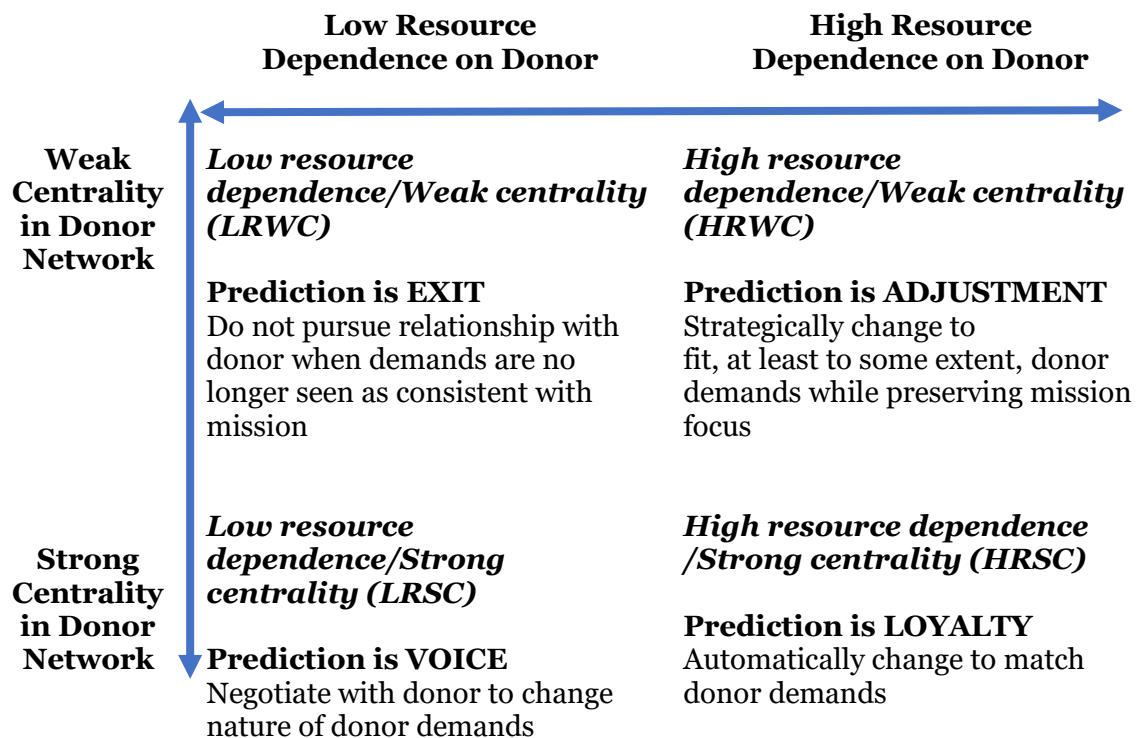
The SRM fills a needed gap in the public and nonprofit management literature that treats resource allocation and disbursement as important subjects. Resources are a necessary element of the capacity of joint action in the complex system of collaborative governance that brings together public and private actors to make and implement public decisions and policies (Emerson et al., 2012). Scholars (e.g., Lambright, 2008; Mosely, 2012; Suárez, 2011; Van Slyke, 2007) have examined how a funder—a government agency or a private donor—makes decisions to contract out to, allocate and distribute resources to, or renew funding to organizations across the collaborative system. Understanding the strategies and decisions of funding-recipient organizations is as important as understanding donors' decisions.

Towards that end, AbouAssi (2013) identifies four responses of nonprofits to changes in the funding priorities of their donors. An NGO may decide to exit a relationship with a donor by taking no action to pursue further funding, use *voice* to try to insert its priorities into the donor's funding guidelines and goals, use *adjustment* by strategically changing the nature of its activities to meet the donor's demands in order to sustain the funding relationship while acting to protect its own priorities, or exhibit *loyalty* by doing what the donor wants without question in a quick manner without consideration of any alternative option.

AbouAssi and Tschirhart (2018) developed the SRM to predict these responses by matching each response to a combination of an NGO's level of resource dependency on the donor (low or high) and its location in a donor's network, addressed in this article using the closeness centrality measure (weak or strong). Four different combinations are depicted in Figure 1.

Resource dependency has a long tradition in scholarship on organizational behavior. The Resource Dependency Theory posits that organizations seek to maintain flows of resources from providers while trying to buffer their demands (Pfeffer & Salancik, 1978). Scholars (e.g., Delfin & Tang, 2008; Ebaugh et al., 2005; Hughes & Luksetich, 2004) have examined the impact of a resource provider on the performance and decisions of nonprofits. NGO leaders' pursuit of a current donor's funding is thus influenced by the nature of dependence on that particular resource stream. That dependency may help in predicting which response in AbouAssi's (2013) typology an NGO pursues, but with limitations. Not all organizations with the same resource dependency behave the same. Nonprofits are proactive in managing their institutional and resource environments (Schafer & Zhang, 2019; Tschirhart, 1996). These organizations are equipped with social missions, viable information, and strong connections to stakeholders (Ebrahim, 2005b; Sidel, 2000).

The literature on resource dependency as a predictor of behavior shows its limitations as well as its value if used in interaction with other theories (Drees & Heugens, 2013). To address the limitation and value opportunity, the SRM adds network centrality as a key influence interacting with resource dependency. Combining a network lens with resource dependence

Figure 1. The Strategic Response Model (SRM)

Note: Elaborated from AbouAssi (2013) and AbouAssi & Tschirhart (2018)

to create the SRM is a parsimonious yet informative framework useful to practitioners (AbouAssi & Tschirhart, 2018).

Organizations are embedded in networks of relations and ties (Granovetter, 1973, 1983) with varied connections through shared missions and information exchanges to stakeholders inside and outside a particular network (Ebrahim, 2005b; Saidel, 2000). The location of an organization in a donor network can, consequently, influence its response to the donor's demands. Network members can use their networks to gain information useful for deciding resource targets and resource pursuit strategies, leverage network contacts for bargaining power with donors, and vary from other network members in their perception of the value they get from their membership in the network (e.g., Mitterlechner, 2019). Centrality in a donor network typically affords the member the most power or leverage with the donor (Boje & Whetten, 1981; Ibarra, 1993; Wasserman & Galaskiewicz, 1994). Relationships that involve more frequent and trusted information flow, but with more redundant and confirmatory rather than new information exchange, are typically among organizations with the most network centrality. Those with the most centrality occupy the most central nodes of a network, that is they are closest to all other organizations in the network, calculated using the shortest possible (geodesic) paths (Lee et al., 2012; Ofem et al., 2018; Paarlberg & Varda, 2009; Provan et al., 2005). The benefits of centrality are direct connection, shorter transaction times, lower costs, less free-riding, and direct access to others in the network (Luo & Kaul; 2019), but the risk of redundancy of connections and information exists (Granovetter, 1973, 1985).

This article quantitatively examines the degree to which the SRM is parsimonious and its applicability as a management and decision-making tool. The first step is to decide on quantitative measurement of each part of the combination and then, secondly, to combine them. To capture resource dependence, scholars typically use one of three measures; we use all three separately to allow a more nuanced comparison of their value as a measure for the

model. First, we use *resource criticality* which captures the percentage of revenues an NGO can generate internally, which reflects the ability of an organization to survive without the donor funding (Delfin & Tang, 2008; Guo, 2007; Pfeffer & Salancik, 1978). Next, we use *resource discretion* which looks at the percentage of the overall funding that is given by the particular donor that needs a strategic response, helping to capture the funding portfolio's dependence on the one donor (McCaskill & Harrington, 2017; Neumayr et al., 2015; Shea & Wang, 2016). Last, we use *resource concentration*, which indicates how many donors are currently funding the NGO, giving a different lens on how much the NGO depends on the one donor versus the larger set of the organization's donors (AbouAssi, 2015; Malatesta & Smith, 2011).

To capture centrality in a donor network, we use *closeness centrality* (Lazzarini & Zenger, 2002). Some scholars advocate for closeness centrality as the best measure of centrality (Baer, 2010; Levin & Cross, 2004; Marsden & Campbell, 1984). It captures the ability of an actor to independently access all other actors in the network (Borgatti, 2005; Freeman, 1979; Wasserman & Faust, 1994) and it is associated with fast access to network flows (Priante et al., 2021) and relates to others' perceptions of the power an actor has in the network (Rotolo & Petruzzelli, 2013). In using a closeness centrality network measure to test the SRM, we move beyond examining dyadic ties between an NGO and a donor and capture the position of an NGO in a donor network. With the closeness centrality measure the focus is not on the NGO's relationship to the donor, but rather to the other NGOs in the donor's network. By using this measure, we follow Sedereviciute and Valentini's (2011) call for more attention to network dynamics. While there may be patterns in having closeness centrality in a donor network and having one of the largest grants from that donor the SRM does not make that assumption but looks at the network and resource dependency aspects in combination empirically and from the NGO's, not the donor's perspective.

The combination process for quantitatively testing the SRM is simple. An organization rates high or low in resource dependency and weak or strong in network centrality resulting in the four classifications captured in four hypotheses. To be clear, in this article, we are using the SRM to look at grant-making dynamics from the NGO, not the donor perspective. This makes sense in the research context because the donor invited all NGOs to seek renewal of their funding, as long as the NGO could meet the donor's revised interests. We are interested in the responses taken by the NGOs in the donor's existing network of funded organizations. Following are our hypotheses, grounded in the SRM.

Under conditions of weak centrality and low resource dependency, there are low financial and information access incentives to maintain a relationship and we hypothesize *exit* from a donor funding relationship. Given little bargaining power in the network due to low closeness centrality, an NGO leader's perception of the likelihood of success in trying to change the donor's interests or demands is likely to be low. Also, it is likely to strategically not be perceived as worth the effort to pursue the donor's funding if the donor's funding is not critical for survival (low resource criticality dependency with the donor), there are other options for resources (low resource discretion dependency on this donor), and the NGO can turn to its other donors' networks for information to support resource pursuit (low resource concentration dependency on this donor). The more donor networks in which an NGO participates, the less dependent it is on any one of the donors, given that each donor network contains potential or existing relationships that may assist with successful resource pursuit. Also, if one is on the periphery of a donor network, the pressure to maintain relationships with other members of the donor network is low. There is little to sustain network relationships except a common interest in getting funds from the donor, and interest in that is likely to be low if funding exists elsewhere (discretion and concentration). If you are a decision-maker in an NGO that is a member of multiple donor networks (resource concentration), those donor networks in which you have a less central presence are the least worrisome to exit from in the face of unappealing donor demands. The more central you are in a particular provider network

and the fewer of these types of networks are available to you to navigate, the more investment you are likely to make to try to keep your funding and thus are less likely to use an *exit* response.

H1: Likelihood of an NGO using EXIT is highest when there is LOW resource dependence on the donor (H1a: resource criticality, H1b: resource discretion, and H1c: resource concentration) combined with WEAK closeness centrality in the donor's network.

Dowding et al. (2000), Gehlbach (2006) and Hirschman (1970) suggest that effective use of a *voice* response depends on adequate communication structures, a certain degree of trust and openness, and strong bargaining power. An NGO acquires potential power for *voice* through its links with others on whom the donor depends for a resource exchange (Zheng et al., 2019) and its willingness to risk being unsuccessful with *voice*. Network centrality expands the bargaining position (Carolan & Natriello, 2005; Paarlberg & Varda, 2009; Provan et al., 2005) and low dependency may increase willingness to try and bargain. There is likely to be more *voice* when the donor's resources are less critical to preserve than internal ones (resource criticality); the consequences of an ineffective *voice* attempt are less serious due to other source options (resource concentration and discretion) and a central position in the network gives some confidence that *voice* is worth trying.

H2: Likelihood of an NGO using VOICE is highest when there is LOW resource dependence (H2a: resource criticality, H2b: resource discretion, and H2c: resource concentration) on the donor combined with STRONG closeness centrality in the donor's network.

With weak centrality in a donor's network, but a high degree of dependency on the donor, we expect to see *adjustment* to reduce risk that needed donor funding will be stopped. NGOs are committed to their missions and may wish to avoid significant mission drift so if the donor is asking for something outside their mission, an NGO may work to buffer its core mission-related activities from what the donor is willing to fund or find a way to link what it wants to do to what the donor wants without using the *voice* strategy to try and change the donor. *Adjustment* allows an organization to adapt to a changed environment in a strategic fashion, and aid its capacity to survive (Grimes et al., 2019). With *adjustment*, compared to a *loyalty* response, the NGO is also able to respond to external perceptions of mission drift, justifying its choices of how to satisfy the donor to retain resource flows. As Bennett and Savani (2011) explained, charities can operate outside their original missions to receive funding without sacrificing their ability to be proactive in directing and controlling their activities in a strategic fashion. If they have weak closeness centrality in the network and thus not much leverage as a member of the donor network, they may still find that it is worth their effort to adjust their activities given that they have few other donors to work with (resource concentration) and this donor provides a high percentage of their donor-provided funds (resource discretion) and funds overall (resource criticality).

H3: Likelihood of an NGO using ADJUSTMENT is highest when there is HIGH resource dependence on the donor (H1a: resource criticality, H1b: resource discretion, and H1c: resource concentration) combined with WEAK closeness centrality in the donor's network.

At the other extreme from *exit*, an NGO may engage in *loyalty* responses. If resource dependence is especially high and closeness centrality is very strong, it may be unquestioned that the NGO should maintain its central place in the funder's network and pursue continued flow of resources from the funder, no matter what the donor is asking the NGO to do to receive the funding (Cornforth, 2014). Unlike *adjustment*, where the nonprofit internally crafts a way to respond to new demands, with the *loyalty* response, the decision to pursue the funding

occurs without attention to what the changed demands will do to the pursuit of the NGO's stated mission. The NGO is captured by the donor and has little desire for independence, and in some cases the NGO may have a donor acting as a puppet master, which substantially risks a mission drift.

H4: Likelihood of an NGO using LOYALTY is highest when there is HIGH resource dependence on the donor (H1a: resource criticality, H1b: resource discretion, and H1c: resource concentration) combined with STRONG closeness centrality in the donor's network.

Methodology

Context

This article uses a sample of NGOs in Lebanon working in the environmental sector to test the SRM. During the time of the research, the most active international donors of Lebanese environmental NGOs decided to shift their funding focus, creating an opportunity to examine what happens when an NGO's current donor decides that resources will no longer be forthcoming for activities related to the organization's core mission.

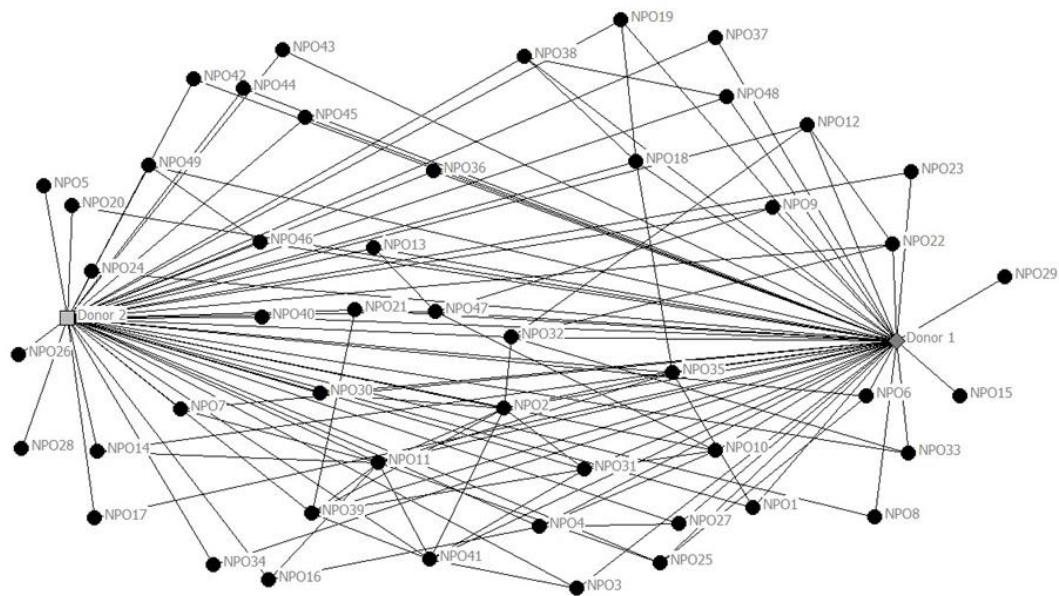
Lebanon is a young democracy with a weak economy and ailing public sector that has suffered from wars and civil unrest (El-Zein & Sims, 2004). Its turbulent and uncertain context is similar to other countries such as Cambodia, Nepal, and Uganda (Contu & Girei, 2014; Marshall & Suárez, 2014). In such a context, civil society organizations often step into roles elsewhere assumed by the national government (Martin-Howard, 2019); in Lebanon, this is particularly the case in service areas like the environment.

NGOs with environmental missions operate relatively autonomously from the government (AbouAssi, 2015; AbouAssi et al., 2021). With limited local financial support, these organizations rely on foreign government aid agencies and other international organizations to provide substantial funding streams with limited in-country government oversight (AbouAssi, 2015; Haddad, 2017). This reliance has mixed effects. On one hand, the funding has been instrumental in the development and professionalization of the sector and in its ability to fill the gap created by the inability or absence of government agencies. On the other hand, the funding also potentially risks dependency on donors, competition over resources, creation of donors' closed circles of NGOs that exclude other actors, and disconnection from local beneficiaries and needs (AbouAssi, 2013; Clark & Salloukh, 2013; Haddad, 2018).

Sample and Data Collection

For network analysis, sampling is limited to try to capture the entire network (Barnes, 1979; Burt, 1983; Marsden, 1990). To limit variation in service category, we focus on environmental NGOs; these are local, formally-registered organizations with environmental missions as per the United Nation Development Program's database. These organizations are actively engaged in environmental policy and management activities sometimes in collaboration or competition with the governments (AbouAssi et al., 2021). We also limit variation by geography to focus on Mount Lebanon, which is the largest region in the country where 60 out of the 153 environmental NGOs in Lebanon during data collection were located and operating.

The data was derived from a survey administered in 2010–2011 to the 60 NGOs both online and in a hard copy. Relevant survey questions solicited details on programs (name and nature of projects being implemented, number of beneficiaries, project budget and funding sources with percentile breakdowns, and implementing partners), financial resources (annual budget, financial resources, and breakdown of funding sources), and institutional relations

Figure 2. Plotted Network of Two Donors

Note: Donor 1 (shown with diamond) and Donor 2 (shown with square) are the funders; the circles indicate the NGOs. The line between an NGO and a donor indicates funding; subsequent lines between NGOs indicate partnership, not funding, on projects funded by the donor during the time of the study.

(partnerships and networking). For some questions, including programs and finances, respondents were asked to provide information for multiple years (2005–2009). Organizational reports and websites were used to verify some of the information.

Out of these sixty environmental organizations registered in the region, seven had no funding relationship at any time with Donor A or B and are not in this research, leaving 53 NGOs who received an online and hard-copy survey with questions on programs, funders, financial resources, and institutional relationships. Most, 50 out of 53, returned responses, with one dropped due to insufficient information. The final dataset includes 49 NGOs, approximately 92% of the targeted population, which is above the acceptable threshold for network analysis (Diani, 2002).

We focus on networks of two donors that most environmental NGOs in the region received funding from for multiple years preceding our research. Labeled as Donor A and Donor B, the donors are the aid agencies of western governments. When the donors' shifted funding away from environmental programs, it was not obvious how their previous environmental NGO funding recipients would respond to the changed call for proposals. We show that the SRM predicts most of the NGO responses.

UCINET was used to plot the donors' network (Borgatti et al., 2002). Attributes are associated to the organizations (nodes) in the mapped network; networks are plotted according to the need and based on various attributes including the connections or relations between the organization during the time of this research. As Figure 2 shows, there is overlap in membership in both donors' networks; two organizations received funding only from Donor A and five only from Donor B. The networks yield 91 observations of responses to a donor (44 responses to Donor A and 47 responses to Donor B).

Variables

Dependent Variable. This is the response to what happened in the funding cycle after donors' interests changed: *exit*, *voice*, *adjustment*, or *loyalty*. Following an approach used by Rusbult and colleagues (1988), NGO responses were coded using survey data and then two local experts confirmed the categorizations. NGOs that used to have donor funding but did not submit a proposal in the new funding cycle got an *exit* categorization (29 observations). Proposing a new project that is still environmentally focused but also meets the changed interests of the donor is coded as *voice* (24 observations). Submitting a proposal that no longer had an environmental component is coded as *adjustment* (38 observations). None of the organizations in this research reported anything that could have been interpreted as a blind commitment or response to a donor; consultations with experts verified the absence of *loyalty* responses.

To root out bias in this approach, we examined a list of applicants secured from Donor A that included information on whether the NGO applied for funding or not, and what the NGO proposed for the use of funding from the donor. Donor B did not provide a similar list. Using the list from Donor A, we determined that observations categorized by the coders and experts matched the donor's categorization of what happened after funding interests changed. For example, we determined that we did not code something as *exit* if an application was submitted after the funding interest shift but was rejected by the donor. There were no cases of this for responses to Donor A. This could have been possible for Donor B, given that we did not get Donor B's perception of what happened, but our coding is wrong only if the NGO respondent lied to us about what response they had to Donor B.

Independent Variables. The predictor variable is the combination of an NGO's characteristics related to its resource dependency level and closeness centrality in a donor's network. We first calculate the resource dependency and network centrality separately and then combine them to classify organizations into one of the four categories.

Resource Dependency. To capture resource dependence, scholars typically use one of three measures and treat it as continuous (e.g., Delfin & Tang, 2008; Neumayr et al., 2015; Shea & Wang, 2016). We use all three to allow a more nuanced testing of SRM. Also, we treat resource dependency as dichotomized: high or low, resulting in a conservative test of the model, increasing its ease of use, and consistent with some prior measures (Elo & Beale, 1985; Stedman et al., 2004) which justify a cutoff point between low and high based on the feasibility of analysis. The median as our cut between high and low allows for enough observations in each category for analyses. Following are details for each measure.

Resource criticality is measured using percentage of internal revenue from the total annual budget. Internal sources of revenue are membership fees, income-generating activities such as sales and fees-for-service; external sources include donations and grants. The range is 0 to 1 with a lower score indicating more dependency. Low (LR criticality) is 0.051 to 0.99 and high (HR criticality) is 0.01 to 0.5. Criticality is low for 18% of the observations and high for 82%.

Resource discretion is measured as the percentage of that donor's funding from total external funding of the organization. This recognizes that the presence of multiple sources of funding does not necessarily mean dependency is equal across the sources. The range is 0 to 1 with a higher score indicating more dependency. Low (LR discretion) is 0.01 to 0.50 and high (HR discretion) is 0.51 to 0.99. Discretion is low in 41% of the observations and high for 59%.

Resource concentration is measured as the number of external sources of funding with more sources indicating lower dependency. Low (LR concentration) is anything over 4 sources and high (HR concentration) is 4 or less sources. Concentration is low for 33% of observations and high for 67%.

Table 1. Descriptive Statistics

Variable	Min.	Max.	Mean	Std. Dev.
Resource Criticality	0.06	1.00	0.515	0.198
Resource Concentration	0	15	3.775	3.495
Resource Discretion	0.00	1.00	0.545	0.282
Network Centrality-Donor A	0.21	18.30	5.096	2.847
Network Centrality-Donor B	0.35	11.40	4.782	2.862

Network Centrality. Centrality is an individual actor's position in a network relative to other network members, affording the actor certain power or leverage (Boje & Whetten, 1981; Ibarra, 1993; Wasserman & Galaskiewicz, 1994). To capture centrality as either strong or weak within a donor network we use the closeness centrality score (Lazzarini & Zenger, 2002). Some scholars advocate for closeness centrality as the best measure of centrality (Baer, 2010; Levin & Cross, 2004; Marsden & Campbell, 1984). It captures the ability of an actor to independently access all other actors in the network (Borgatti, 2005; Freeman, 1979; Wasserman & Faust, 1994).

Using survey data, we calculated the closeness centrality score for a response within the network of grant recipients for each donor separately, allowing for the effect of the other donor to be isolated and variation in the position of each NGO in each network to be detectable (Diani, 2002; Freeman, 2000; Lazzarini & Zenger, 2002; Scott, 2000). Calculated using UCINET as the sum of distance from the NGO's node in the network to all others, each NGO gets a closeness centrality score for each donor network. We then use the median score as the cutoff point to code if network centrality is weak or strong. In Donor A network, a closeness centrality measure between 4.2 and 18.3 is categorized as strong centrality (SC) and if less than 4.2, as weak (WC). In the Donor A network there are 56% observations with strong centrality and 44% with weak. For Donor B's network, if the closeness centrality measure is between 3.6 and 11.4, we categorize it as SC (45% of observations) and if less than 3.6, as WC (55% of observations).

To create the predictor variable, we combined low and high resource dependency (LR and HR) and weak and strong network centrality (WC and SC) into four categories: (1) LRWC: low resource dependency and weak closeness centrality in donor network; (2) LRSC: low resource dependency and strong closeness centrality in donor network; (3) HRWC: high resource dependency and weak closeness centrality in donor network; and (4) HRSC: high resource dependency and strong closeness centrality in donor network. This composite variable creates a conservative test of SRM given that we force the classifications as weak or strong centrality and low or high dependency to test the model. Table 2 reports the frequencies using the three versions of this predictor variable.

Results

We use cross tabulations, rather than regressions, for this analysis to maintain the spirit of SRM as a parsimonious tool. If the composite variable predicts response according to the

Table 2. Observations by Resource Dependence Measure

Predictor	Criticality Measure	Concentration Measure	Discretion Measure
LRWC: low resource dependency, weak centrality	10	11	15
LRSC: low resource dependency, strong centrality	6	21	22
HRWC high resource dependency, weak centrality	40	39	35
HRSC: high resource dependency, strong centrality	35	20	19
<i>Total Number of Observations for Analysis</i>	91	91	91

hypotheses, we will see the NGOs falling into the expected cells. However, given we had no *loyalty* responses, we could not test the predictors for that cell. We find support for the predictors of SRM’s other three cells, as shown in Table 3. Two analyses are significant at the $p < .001$ level and one at $p < .10$ using Pearson Chi Square statistics.

As additional tests, we did the analysis without the *loyalty* category given we had no responses in it. We also did the cross tabulations for each network separately and the results are similar. Plus, we ran the analysis without the HRSC cases since, theoretically, only some of these are strongly theorized for the *loyalty* response. The very high dependency and very strong centrality cases fit under HRSC, but the moderately high and moderately strong cases do as well with our measurement schema. Our hypothesis is that *loyalty* is limited to cases at the extreme ends of the strong centrality and high dependency continuums. With the HRSC category excluded, the level of significance increases for all versions of our composite variable. For consistency with the four cell SRM, we show the analysis with HRSC included in Table 3.

To illustrate, Table 3 shows that with criticality as a resource dependency measure, 7 organizations that had high resource dependence due to limited internal revenues and enjoyed strong centrality in the donor’s network (HRSC) used *exit* when faced with changes in donor funding, compared to 18 and 10 that used *voice* and *adjustment* respectively. With discretion as a resource dependency measure, among the 21 organizations that had low dependence on the donor, 14 organizations with weak centrality in the network (LRWC) used *exit* compared to the 7 with strong centrality (LRSC). Among organizations that depended on the donor for a considerable percentage of their external funding, 5 organizations with weak centrality in the donor’s network used *exit* compared to 3 that were central in that network. Therefore, as hypothesized, *exit* is the most common response when there is low resource dependency and weak centrality. This is the case, regardless of the resource dependency measure: 80%, 82% and then 93% of LRWC cases are *exit* responses, using criticality, concentration, and discretion measures respectively.

As predicted, *voice* is most common under conditions of low resource dependency and strong centrality when using concentration (*voice* in 62% of LRSC cases) and discretion (*voice* in 46% of LRSC).

With the criticality measure, the responses split 50% between *exit* and *voice* for the six observations; two possible explanations deserve further study. One explanation is that an NGO might have informally used *voice* first but when it was not well-received by the donor, the

Table 3. Cross Tabulations of Responses Showing Support for SRM¹

Response	Combo using Criticality Measure				Combo using Concentration Measure				Combo using Discretion Measure				Total for Row Sets		
	HRSC	HRWC	LRSC	LRWC	HRSC	HRWC	LRSC	LRWC	HRSC	HRWC	LRSC	LRWC			
	7	11	3	8	4	10	6	9	3	5	7	14	29		
Exit	24.1%	37.9%	10.3%	27.6%	13.8%	34.5%	20.7%	31.0%	10.3%	17.2%	24.1%	48.3%	31.9%		
	20.0%	27.5%	50.0%	80.0%	20.0%	25.6%	28.6%	81.8%	16.7%	13.9%	31.8%	93.3%			
	18	2	3	1	8	3	13	0	11	3	10	0	24		
Voice	75.0%	8.3%	12.5%	4.2%	33.3%	12.5%	54.2%	0.0%	45.8%	12.5%	41.7%	0.0%	26.4%		
	51.4%	5.0%	50.0%	10.0%	40.0%	7.7%	61.9%	0.0%	61.1%	8.3%	45.5%	0.0%			
	10	27	0	1	8	26	2	2	4	28	5	1	38		
Adjustment	26.3%	71.1%	0.0%	2.6%	21.1%	68.4%	5.3%	5.3%	10.5%	73.7%	13.2%	2.6%	41.8%		
	28.6%	67.5%	0.0%	10.0%	40.0%	66.7%	9.5%	18.2%	22.2%	77.8%	22.7%	6.7%			
	35	40	6	10	20	39	21	11	18	36	22	15	91		
Total for Column Sets	38.0%	43.5%	6.5%	10.9%	22.0%	42.9%	23.1%	12.1%	19.6%	39.1%	23.9%	16.3%	100.0%		
													100.0%		
Pearson χ^2 (df)		132.385 ^a (12)***					134.526 ^b (12)***					154.249 ^c (12)*			
Cramer's V		0.303***					0.398***					0.284***			

*p<0.1, *** p<0.001

¹Loyalty was not included in analyses given zero cases.

organization decided not to pursue funding, resulting in a coding of *exit*. In our data set, we only have the final response. Second, those NGOs that rely more on internal resources than external resources may, on average, have lower capacity (such as having staff devoted to donor relations) for negotiating with external donors than their fellow NGOs in the donor network who rely more heavily on external funding. In other words, we may be seeing the effects of a capacity difference related to criticality difference combined with network position. We did not include capacity measures in this analysis. Its multidimensional nature, including but not limited to human, structural, financial and information dimensions (Christensen & Gazley, 2008), would make the analyses much more complex.

Adjustment is the most common response in this research and its relevant hypotheses are well-supported. For all three measures of resource dependency, when there is high resource dependency and weak closeness centrality, we find that NGOs chose to change in response to a donor's new demands. For the HRWC category, *adjustment* is the response for 68% of cases using criticality, 67% using concentration, and 78% using discretion as the resource dependency measure.

With Table 3, we also can compare types of responses across all possible combinations and find support for our hypotheses. As predicted, the most common combination for an *adjustment* response is HRWC, no matter if using criticality (71% of *adjustment* observations), concentration (68% of *adjustment* observations) or discretion (74% of *adjustment* observations). Also as predicted, *voice* was most common for the LRSC category using the concentration measure (54% of *voice* observations). However, it was more common for HRSC than LRSC using criticality (75% versus 12.5% of *voice* observations) and discretion measures (46% versus 42%). We predicted *loyalty* under the more extreme conditions within HRSC. Without any *loyalty* observations, the HRSC condition is linked to *voice* as the most common response. *Voice* was even more common for the HRSC condition than for the predicted LRSC condition for it.

As predicted, *exit* was most common under LRWC, and most common using the discretion measure (48% of *exit* observations under LRWC conditions). However, looking just at the *exit* observations, it was more common for HRWC than LRWC using criticality (38% for HRWC versus 28% for LRWC), and concentration (35% for HRWC versus 31% for LRWC, a small difference). Perhaps this is due to NGO capacity strengths. When NGOs rely less on internal than external resources, leaders may develop a stronger capacity to understand their external donors' interests and demands. They may more routinely and expertly gather information to judge if they can change the donor's interests to better suit their organization. In the context of this research, despite their weak closeness centrality in the network, the NGO leaders with high dependence on external donors, compared to their counterparts with low dependence, may have had more capacity to understand the donor was serious about the funding interest change and chose to *exit* rather than divert resources from their core mission to try and please a donor.

Discussion

The SRM predicts NGO's *exit*, *voice*, and *adjustment* to donors' changed funding demands. Though *adjustment* is the most common response in our sample, we also find NGOs practicing *exit* or inserting their environmental priorities into a proposed project. The results are fairly consistent, no matter the measure of resource dependency. However, the three measures are not fully substitutable. All three measures are great predictors of *adjustment*. Also, all are effective for predicting *voice* under conditions of LRSC, again supporting the model. We did not find *loyalty* so the SRM prediction that it would occur under the HRSC condition is not evaluated. For predicting *exit*, using discretion to create the composite variable, is particularly effective. While the concentration and criticality measures also have value in predicting *exit*

under conditions of LRWC, *exit* may be even more popular for HRWC conditions than for LRWC conditions.

That *exit* occurs under all conditions deserves further discussion. As noted earlier, it is possible that an NGO was unsuccessful in informal attempts to use *voice* so then used *exit*. However, other explanations are worth considering and studying. There are reasons to *exit* even if *voice* would have been effective. Organization leaders may consider the importance of the issue at stake, the consequences for future interactions, the difficulty to mobilize resources to exert power, and the cost of exerting it (Ebrahim, 2005a; Lee et al., 2012; Ofem et al., 2018). Also, unappealing donor demands may spur NGO leaders to engage in a conscious or unconscious recommitment to the existing mission or leverage the situation to signal their legitimacy to others by protecting their mission and rejecting the donor. Finally, there may be internal dynamics such as a leadership transition and personal relations that affect ability and desire to use a *voice* or *adjustment* response. These factors might explain some of our results that show NGOs practicing *exit* despite their strong centrality in the network and/or high level of dependency.

The SRM allows for tracking over time, something we did not do. The response an NGO adopts in one funding cycle reinforces or alters the network position and dependencies in a subsequent one. Scholars may be able to monitor centrality and dependencies to not only predict responses to a particular donor but also to examine how a response to a specific donor might impact relationships with others in the donor's network. Future research should consider these issues along with potential institutional factors that create increasingly normed responses like *loyalty* (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). *Loyalty* may be more common in other contexts besides the one of this research. For example, perhaps a setting with fewer available resource providers would expose *loyalty* responses becoming more frequent over time.

This research raises many normative and empirical questions, some concerning democracy and development. How much influence should and do international actors have in sovereign nations? Foreign donors can have a major role in funding environmental policy and implementation through local NGOs. Changes in donors' agendas can leave funding gaps and redirect NGOs to new mission areas. This is an opportunity for the sovereign government to set aside the tension that underlies aid management relationships (Green & Curtis, 2005) and position itself as a partner for both donors and NGOs; the government can step in as a substitute when donor relationships end and put some mission domains, like environmental conservation, at risk. It can be an 'entrepreneurial government' (Brinkerhoff & Brinkerhoff, 2002) that steers rather than rows, facilitates interactions, sometimes competes against the other sectors and may itself be a member of a donor's network.

NGO decision-makers' responses may have been influenced by their opinions on how much influence a foreign donor and sovereign government should have. Perhaps some of the *exit* responses reflect NGO leaders' resistance to a donor trying to change NGOs' missions. They may have felt that maintaining a relationship with the donor would undermine their own NGO's independence or standing with the sovereign government which granted them the discretion, if not the financial resources, to pursue an environmental mission. One donor had the new priority of promoting democratic participation and this could be perceived as a foreign entity overstepping into domestic affairs. Perhaps some NGO leaders share the view that their organizations should be seen as partners, based on support, stewardship, and mutuality (Brinkerhoff, 2002; Fischer et al., 2017; Van Slyke, 2007), and not as the extended agencies of their donors. Some NGO leaders may have been disappointed by the heavy hand of the donors in making drastic changes without NGO input and without concern about what would happen to environmental programs due to their funding withdrawal.

Risk aversion is one reason donors may prefer to fund organizations they funded before (Chen & Bozeman, 2012; Zheng et al., 2019). A question is whether risk aversion is optimal in the context of uncertainty and instability that characterizes many developing countries. Scholars (e.g., Batley & Rose, 2011; Suárez, 2011; Zhan & Tang, 2016) argue that Western donors favor a subset of professional and well-connected NGOs whose success in attracting foreign resources may undermine the capacity building of other NGOs and domestic donor networks. This research illustrates that membership in a donor network may shift, most demonstrably when donor interests change. How do these shifts affect the risk-taking and capacity of the NGO sector as a whole? We encourage scholars, and practitioners, to examine risks and opportunities associated with establishing funding relationships with NGOs that are not currently in the donor network. The introduction of new members into a donor network and *exit* of others may affect not only closeness centrality measures for existing members but also the pattern of resource dependencies across the network and in the larger NGO sector.

The parsimony of SRM may encourage practitioners to use it for reflection on past and future decisions and by scholars who have limited data collection capacity or wish to rely on general perceptions of network centrality and resource dependency. For NGOs, the model can provide a framework for considering perceptions of existing and possible donor arrangements. This framework may help in making short- and long-term strategic decisions. For example, NGO leaders may be able to track how certain responses to donors are likely to affect future ones due to resulting changes in their dependencies and location in a donor's network. They also may be able to use the model to surface what may have been subconscious influences on their responses to donors and thus be more strategic in their future decision-making.

Our results do not offer specific guidance on what NGOs should do in the face of donor demands. Relevant benefits and costs depend on the type of funding portfolio and the nature of the relations in an associated network (Ebrahim, 2005a; Froelich, 1999). Private funding and international aid, for example, may be highly volatile and encourage goal displacement (Malhotra, 2000). While diversification of funding sources may reduce financial dependence, it may create network interdependencies that NGOs could struggle with and need to negotiate (Ebrahim, 2005a, 2005b). The availability of multiple funding increases the operational costs and efforts for an NGO to manage the funding (Froelich, 1999; Henderson, 2002). That is why NGO leaders might find it more rewarding to practice *voice*—or even *exit*—with an established donor to mitigate the cost of managing multiple sources of revenues, depending on capacity to do so.

Donors may learn much by using the SRM to examine variations in NGOs' responses to their demands as well as their responses to NGOs; the relationships they create and foster may be at least as important as the funding they provide. The common use of *adjustment* in our results reflects acceptance or tolerance of donors' changing demands. However, the *exit* and *voice* responses remind donors that they should not assume that *adjustment* will occur. *Exit* and *voice* are clear signals to donors that NGO leaders may find a continuing relationship on the donor's terms to be undesirable and this signal, in general, is predictable by the SRM. Such signals, over time, may lead to corrections in NGO-donor interactions and ultimately the broader donor network. It is important, then, to consider funders' expectations for and reactions to NGO responses to their changed demands to have a more comprehensive understanding from the two sides of the relationship.

Conclusion

To conclude, there are multiple ways to advance research using the Strategic Response Model. First, future research could address some of the methodological limitations of this research, such as the size of the sample and measurement issues. While verified by outside experts, the empirical coding of the independent variables is subjective, and it is also dichotomous for the

purpose of testing the most parsimonious version of the SRM. A study that looks at moderate responses or uses continuous variables may have more predictive power.

Second, while we took a network perspective, we looked at each NGO's response and treated it independently from other NGO's responses, not as part of a set of responses. It could be useful to look for consistency in responses of previously collaborating NGOs. Also, it may be useful to capture how much a behavior towards one donor influences the behavior towards another when the donor networks overlap and when they do not. The question of whether NGOs try more than one response before reaching a final response also is worth exploring; we only examine the final behavior in the funding cycle. Future research could use the model to track a progression in responses or behaviors.

Third, factors such as organizational capacity and philosophical stance on donor influence may moderate responses and could be integrated into the SRM in future empirical tests; these factors also include the length and durations of relations which could impact both dependency and centrality. Longitudinal data would help researchers examine how the application of the SRM evolves over time. Organizations are embedded in networks within which ties evolve (Eng et al., 2012; Granovetter, 1985). Therefore, it is important to understand an organization's changing position in their networks relative to other network members. Network position also relates to future formation, and maintenance and strengths of network dyadic ties (Lai et al., 2017; Lee & Monge, 2011).

Fourth, social construction scholarship suggests looking at how well perceptions of relations and resource dependency match our measures, as well as other factors that may influence responses. We did not solicit NGO leaders' perceptions which may not match the more objective measures we used and could be more or less predictive of response.

Finally, it is important to address how personal networks are embedded within and have a direct impact on donor networks. Personal relations and resource exchanges among individuals may substitute for, strengthen, or weaken network location and dependencies among organizations.

Disclosure Statement

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Board Chair–CEO Relationship, Board Chair Characteristics, and Nonprofit Executive Compensation

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We examine the associations between board chair–CEO relationship, board chair characteristics, and top executive compensation in U.S. nonprofit organizations. Using a sample of 2,153 organization-year observations in our empirical tests, we find a significant positive association between board chair–CEO relationship and top executive compensation. We find that board chair characteristics such as tenure and gender are not significantly associated with top executive compensation. The supplementary analyses suggest that board chair–CEO relationships are positively associated with executive compensation but for only organizations with larger revenues, a bigger board, and a lower change in percentage of program expenses. The findings should be helpful in enhancing the understanding of influencing factors on nonprofit executive compensation.

Keywords: Governance, Executive Compensation, Nonprofit, Board Chair

Introduction

Executive compensation is a well-researched area. Studies in both the for-profit setting (e.g., Bebchuk & Fried, 2004; Fama & Jensen, 1983; Jensen & Meckling, 1976; Jensen & Murphy, 1990; Murphy, 1985; Murphy, 2013; Tosi et al., 2000) and the nonprofit setting (e.g., Aggarwal et al., 2012; Baber et al., 2002; Balsam & Harris, 2018; Brickley & Van Horn, 2002; Brickley et al., 2003; Frumkin & Keating, 2010; Gibelman, 2000; Grasse et al., 2014; Gray & Benson, 2003; Hallock, 2002; Jobome, 2006) have shown evidence of either pay-for-performance or the associations between governance and executive compensation. The board chair and the CEO are the two main actors in an organization's governance.¹ Anecdotal evidence suggests the relationship between the board chair and chief executive plays an important role in setting the chief executive's compensation. For example, a critique of the compensation package paid to the CEO of the Rhode Island Foundation suggested that the board chair's relationship with the CEO influenced the size of the pay package awarded to the CEO (GOLOCALProv, 2021). Survey data found that the board chair's leadership plays an important role in evaluating the CEO (Van Puyvelde et al., 2018). Yet, to our knowledge, no prior research has examined the association between board chair–CEO

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relationship, board chair characteristics, and executive compensation. This study intends to fill the literature gap.

The efficient contracting theory suggests that executive compensation could be optimal given a competitive equilibrium in the market for executive talent (Murphy, 2013). The board chair–CEO relationship can promote synergy between the two major actors in nonprofit organizations and thereby enhance organization performance. According to the efficient contracting theory, better organization performance leads to better executive compensation. In addition, the board chair–CEO relationship may also offer executives more opportunities to influence the board chair and board for higher compensation, which is consistent with the managerial power theory for executive compensation (Murphy, 2013).² In a nonprofit study, Jäger and Rehli (2012) analyze cases where organizations experience a replacement of the board chair and the executive director and find that the power relationship characterized by the two actors' equivalent capabilities and complementary preferences enhances checks and balances between the board chair and the executive director. Whether the board chair–CEO relationship plays a significant role in determining executive compensations in nonprofit organizations remains an open empirical question, which motivates this research.

In this study, we measure the board chair–CEO relationship by whether the two individuals have previously worked together in their respective roles for the current organization.³ Our goal is to examine whether the work experience and familiarity between the two main parties have an impact on CEO compensation. Many CEOs act as board chair in for-profit firms. In contrast, in the nonprofit sector, it is typical for the board chairs to serve independently from the executive function (Price, 2018).⁴ This unique setting provides us a relatively clean testing opportunity to investigate the role of board chair and whether board chair characteristics are associated with CEO compensation.

Besides the board chair–CEO relationship, this study also examines whether board chair tenure and gender affect CEO compensation. Several nonprofit studies (Brickley et al., 2003; Gibelman, 2000; Jobome, 2006) have examined the association between CEO tenure and executive compensation. As far as we know, no prior research has investigated the association between board chair tenure and executive compensation. Based on several for-profit studies (Cook et al., 2019; Elkinawy & Stater, 2011; Gilley et al., 2019; Kesner, 1988) that provide some evidence for the role of board director gender on committee membership and executive compensation, we expect that board chair gender may influence executive compensation in the nonprofit setting.

Using a sample of 2,153 organization-year observations, we find a positive association between board chair–CEO relationship and CEO compensation. Our results show that if the board chair and CEO have previously worked together for the same nonprofit, the CEO's compensation is 5% higher than if they have no previous cohort experience. However, there is no consistent supporting evidence that board chairs tenure and gender are associated with the level of CEO compensation. The supplementary analyses indicate that the positive association between board chair–CEO relationship and executive compensation exists for only the larger organizations (measured by total revenues), those with a bigger board, and those with a lower percentage change in program expenses.

Our study makes the following contributions to the executive compensation literature. First, while practitioner and academic sources suggest the board chair plays an important role in evaluating the CEO and setting their compensation, our study is, to our knowledge, the first to empirically test the proposition. Second, our results show that the relationship between board chair and CEO increases CEO compensation, thus furthering our understanding of the determinants of CEO

compensation. Finally, we add to the literature on the role gender and tenure of board chair play in setting CEO compensation.

The next section reviews related literature and develops our hypotheses. The following three sections discuss our research model and results. The last section summarizes our findings and presents our conclusions.

Literature Review and Hypothesis Development

Executive compensation has been long studied in the for-profit world. The mainstream of this literature is based on agency theory, developed by Jensen and Meckling (1976). Executive compensation, such as bonuses, stocks, and stock options, can be arranged to reward executives for better firm performance (Fama & Jensen, 1983; Jensen & Meckling, 1976). Another strand of executive compensation research (e.g., Bebchuk & Fried, 2004) has viewed executive compensation as the result of either managerial power or rent extraction. Research has also empirically examined the determinants of executive compensation (Jensen & Murphy, 1990; Murphy, 1985; Tosi et al., 2000). Murphy (2013) has reported that executive compensation may be determined by the efficient contracting theory, managerial power theory, and other related factors.

In the nonprofit sector, research on executive compensation was sparse in the past and has increased in recent years due to data availability. Several nonprofit studies (Baber et al., 2002; Balsam & Harris, 2018; Brickley & Van Horn, 2002; Frumkin & Keating, 2010; Gray & Benson, 2003; Hallock, 2002) have investigated the association between pay and performance in nonprofit organizations. For instance, Baber et al. (2002) have found that accounting performance measures (e.g., changes in program spending) play a role in determining executive compensation in nonprofit organizations. Gray and Benson (2003) have used a sample of 114 directors of small business development centers and documented the supporting evidence for a significant pay-for-performance relationship. Furthermore, they reported that human capital (i.e., education and experience), organizational size, and organizational affiliation are significantly related to executive compensation. Controlling for education, tenure, size, performance, and affiliation, they also found that female executives receive significantly lower compensation than male executives. Aggarwal et al. (2012) have investigated the relationships between board size, managerial incentives, and enterprise performance in nonprofit organizations. They provided evidence of a negative association between board size and management incentives.⁵

The nonprofit sector offers a unique setting to examine executive compensation based on a non-distribution constraint on the payout of profit to managers. In the for-profit world, firms have ownerships, which nonprofit organizations generally lack. The agency theory may apply differently to executive compensation in the nonprofit sector. Without shareholders and the threat of takeovers, nonprofit managers could be under less compensation oversight than their for-profit counterparts. Furthermore, nonprofit boards cannot utilize equity compensations to mitigate agency conflicts. Fama and Jensen (1983) point out that, given this unique feature, nonprofits rely more on governance mechanisms such as self-perpetuating boards that are distinctly different from those of for-profit corporations to mitigate agency problems. However, there is still potential for agency conflicts because nonprofit officers may serve on the boards as voting members (Ostrower, 2007). In this paper, we utilize the efficient contracting and managerial power frameworks discussed by Murphy (2013) to study how nonprofit board chair–CEO relationship affects executive compensation.

The chairperson of the board of directors at a nonprofit plays a pivotal governance role. The board chair acts as the primary point of contact between the executives and the board, focuses on high level strategic planning, and is typically responsible for ensuring evaluating the chief executive on an annual basis (Boardable, 2021). Prior academic works support the integral role the board chair plays in the governance of the nonprofit organization (Jäger and Rehli, 2012). The board chair is generally perceived as playing a highly influential role for the nonprofit organization (Harrison et al., 2013; Hiland, 2008). The relationship between the board chair and chief executive is not static and evolves over time (Cornforth & Macmillian, 2016). Independent board chairs have been found to be an important factor in whether an organization adopts a formal process for evaluation the performance of the CEO (Young et al., 2000).

In terms of setting the chief executive's compensation, the board chair can exert influence in several ways. First, the board chair takes a leadership role in creating and staffing committees, thereby influencing the process for evaluating the executive director and setting their compensation (MissionBox, 2021). Second, the board chair generally leads the executive committee, which may be charged with evaluating the chief executive's performance (BoardSource, 2021). Finally, as the leader of the board, the board chair may leverage their considerable influence to direct board level discussions on the chief executive's compensation. Prior academic research finds the leadership of nonprofit board chairs is perceived as an important factor in the effective evaluation of CEOs (Van Puyvelde et al., 2018).

As the board chair and CEO develop longer tenure together in the current nonprofit, the level of familiarity between the two parties increases. The board chair and CEO could work more efficiently with each other as they both build more industry expertise (Kesner, 1988). The synergy between the organization's two major actors can lead to better performance and thus higher executive compensation, which is consistent with the efficient contracting theory (Murphy, 2013). At the same time, the board chair–CEO relationship could also raise the risk of entrenchment (i.e., executives may influence the board chair in the process of determining executive compensation). In this case, the board chair becomes the CEO's advocate, and the CEO could use this relationship to their benefit (Byrd et al., 2010), which is consistent with the managerial power theory (Murphy, 2013). Therefore, we expect a positive association between board chair–CEO relationship and executive compensation. Based on the above discussion, our first hypothesis is as follows:

H1: Board chair–CEO relationship is positively associated with executive compensation.

Prior nonprofit research has examined the association between CEO tenure and executive compensation (Brickley et al., 2003; Gibelman, 2000; Jobome, 2006). In a for-profit study, Deschenes et al. (2015) has found that top management compensation is positively associated with the average tenure of outside board members. Board chair and CEO are two significant actors in organizations and play an important role in organization governance. However, no existing research has investigated the association between board chair tenure and executive compensation. Thus, we expect that board chair tenure may play a role in determining executive compensation. On the one hand, when the board chair's tenure is short, the board chair may have less power in influencing decision-making on executive compensation. On the other hand, when the board chair's tenure is short, they are more likely to be objective in assessing executive compensation and making recommendations for necessary adjustments on executive compensation. It is unclear which direction board chair tenure affects executive compensation. Thus, our second hypothesis is as follows:

H2: Board chair tenure is not associated with executive compensation.

In a for-profit study, Kesner (1988) has found evidence that the gender of board directors affects their membership on board committees, including the compensation committee. Cook et al. (2019) have found no evidence that adding women to the board of directors and the compensation committee reduces the compensation gap within the top executive team. However, they report that if a woman takes the chair role of the compensation committee, the top executive compensation gap diminishes. Elkinawy and Stater (2011) have documented that female executives receive salaries that are about 5% lower than those of their male counterparts and the gender difference in salary is larger in firms with more male-dominated boards. Gilley et al. (2019) have found that boards with a higher proportion of women emphasize corporate social performance more than other types of social performance when setting CEO compensation. Given the evidence that gender difference matters, we expect that board chair gender may have an impact on determining executive compensation. Nevertheless, we do not have a specific directional prediction on how board chair gender affects executive compensation. Thus, we state our third hypothesis in the null form as follows:

H3: Board chair gender is not associated with executive compensation.

Research Design

Based on our discussion in the previous section, we estimate the following specifications to test our hypotheses:

$$\begin{aligned} \text{Ln(CEOCmp}_{it}) = & \beta_0 + \beta_1 \text{BoardChairCEORelation}_{it} + \beta_2 \text{BoardChairTenure}_{it} + \beta_3 \\ & \text{BoardChairGender}_{it} + \beta_4 \text{BoardCoChairs}_{it} + \beta_5 \text{CEOTenure}_{it} + \beta_6 \text{CEOGender}_{it} + \beta_7 \text{BoardSize}_{it} \\ & + \beta_8 \text{BoardIndependence}_{it} + \beta_9 \text{ProgramRatio}_{it} + \beta_{10} \text{Ln(Revenue}_{it-1}) + \beta_{11} \\ & \text{Ln(UnrestrictedCash}_{it-1}) + \beta_{12} \text{Ln(CEOCmp}_{it-1}) + \text{Year fixed effects} + \varepsilon \end{aligned}$$

where

Ln(CEOCmp_{it}): the natural logarithm of CEO (highest-paid executive) compensation in year t;

BoardChairCEORelation: 1 indicates neither the board chair nor the CEO are new to their roles in year t, 0 otherwise;

BoardChairTenure: the tenure of the board chair;

BoardChairGender: 1 indicates female and 0 indicates male;

BoardCoChairs: 1 indicates board with co-chairs;

CEOTenure: number of the years in the CEO position before year t. 0 indicates the first year as CEO; Tenure goes from 0–5;

CEOGender: 1 indicates female and 0 indicates male;

BoardSize: number of board members in year t;

BoardIndependence: number of independent board members / the total number of board members;

ProgramRatio: program expenses / total expenses;

Ln(Revenue_{t-1}): the natural logarithm of total revenue in year t-1; and

Ln(UnrestrictedCash_{t-1}): Ln((Cash+saving)*(unrestricted net assets/total net assets)) for year t-1.

Our variables of interest are BoardChairCEORelation, BoardChairTenure, and BoardChairGender. Next, we provide justifications for the control variables included in our model.

Garner and Harrison (2013) have reported that the negative relationship of CEO pay to performance exists for firms with only one executive, the CEO. The evidence suggests that a powerful CEO with autonomy can harm firm performance, but other executives can mitigate agency problems. We posit that a board with a single chair may suffer similar negative consequences because of the autonomy possessed by a powerful board chair and expect that co-chairs may mitigate agency problems. Thus, we control for board co-chairing in our regression.

Iliev and Vitanova (2019) have documented that the increase in CEO pay resulting from the Dodd-Frank Act is larger for CEOs with higher ownership and longer tenure. Hill and Phan (1991) have reported that the likelihood that CEO compensation packages reflect their preferences increases with CEO company tenure perhaps because over time CEOs can strengthen their positions and circumvent monitoring and incentive alignment mechanisms. Thus, we use CEO tenure in the model to control for CEO experience, skill, and possible entrenchment.

Oster (1998) has found that CEO gender is insignificant in deciding executive compensation. In contrast, after controlling for education, tenure, size, performance, and affiliation, Gray and Benson (2003) have reported that female executives received significantly less compensation than male executives. Given the mixed results on CEO gender in prior research, we control for CEO gender in the model.

Prior research examines the influence of governance factors such as board size and board independence. For instance, the for-profit literature (Hermalin & Weisbach, 1998) has reported that independent directors are likely to provide better monitoring. The results on whether larger boards are better at monitoring are mixed (Boone et al., 2007; Coles et al., 2008; Linck et al., 2008; Yermack, 1996). In a nonprofit study, Aggarwal et al. (2012) have investigated associations between board size, managerial incentives, and enterprise performance in nonprofit organizations. They provided evidence of a negative association between board size and management incentives. We include board size and board independence as control variables in our model.

Studies (Baber et al., 2002; Balsam & Harris, 2018; Brickley & Van Horn, 2002; Frumkin & Keating, 2010; Gray & Benson, 2003; Hallock, 2002) have provided supporting evidence for pay-for-performance in nonprofit organizations. For instance, Gray and Benson (2003) have analyzed a sample of 114 directors of small business development centers and found supporting evidence for significant pay-for-performance relationship. More specifically, after controlling for education, tenure, size, performance, and affiliation, they have reported that human capital, organizational size, and organizational affiliation are significantly related to executive compensation. In a nonprofit study, Grasse et al. (2014) have found evidence that organization performance (measured by the program ratio) affects executive compensation. Given that prior compensation literature has supported a pay-for-performance relationship, we control for organizational performance (measured by program ratio and by total revenue) in our model.

Aggarwal et al. (2012) and Hallock (2002) have provided supporting evidence that organization size, a proxy for organizational complexity, is an important determinant of executive compensation. More complex organizations, compared with simpler organizations, demand more skill and experience of executives, which leads to a compensation premium. Oster (1998) has also found evidence that organization size is a strong predictor of executive compensation. Thus, we control for organization size measured by total revenue in our model.

Frumkin and Keating (2010) have found CEO compensation is significantly higher when organizations have free cash flow, which is inconsistent with the principle of not distributing

Table 1. Sample Selection

Sample Description	Observations
From GuideStar in April of 2019 we obtained a list of independent arts organizations with at least \$2 million in total revenue, total assets, and total expenses. Organizations were also required to have achieved at least a bronze level of transparency.	705
Downloaded 5 years of officer and board data directly from GuideStar.	3,525
Less organizations missing officer/board data, or data necessary for the models.	(1,372)
Total Sample	2,153

profits. Consistent with Balsam and Harris (2018) and Core et al. (2006), we expect that when organizations have more free cash flow, it is easier for top management to distribute and increase their own compensation. To control for the impact of ‘free cash flow,’ we add unrestricted cash in our model.

A GuideStar report in 2013 highlighted the economy’s significant impact on nonprofit CEO compensation. Thus, we include fixed year effects to control for the economic condition at different periods. To control for autocorrelation and any other organization-specific factors, we include executive compensation from the previous year in our regression.

Main Analyses

Sample Selection

The sample is drawn from all independent arts organizations (NTEE code A) that have at least \$2 million in assets, total revenues, and total expenses. The focus on one nonprofit sector allows us to analyze a representative charitable sector in depth while increasing the analysis’ internal validity.⁶ We also required organizations to have at least a bronze level of transparency (i.e., report at least minimum levels of financial information on their GuideStar profile). The filters resulted in a sample of 705 nonprofit organizations (Table 1). For each sample organization, we downloaded five years of board and CEO data resulting in a total of 3,525 organization-year data.⁷ We then merged this dataset with Form 990 financial data obtained directly from the IRS website (SOI data). Because of the need for lagged data for some models, as well as missing data, the final sample consists of 2,153 organization-year observations.

Univariate Results

All the variables used in this study are listed in Table 2.

In Table 3, we present the descriptive statistics. During our sample period, the average CEO compensation for independent arts organizations with at least \$2 million in revenue, assets, and expenses is \$232,028. The organization-years that the board chair and the CEO have previously worked together for the same nonprofit account for 57% of our sample. During the 5-year sample period, the average board chair tenure is 1.22 years, 32% of our sample board chairs are female, and 4% of the boards have co-chairs. On the CEO side, the average CEO tenure is 1.83 years and 39% are female. In terms of board governance features, the average board size of our sample is 28, and on average 93% of board members are independent. The mean program expense ratio for our sample is 77%. Because we study large arts institutions, it is no surprise that the average total

Table 2. Variable Definitions

Variable	Definition
CEOCComp	Total compensation for the CEO identified by GuideStar as the principal officer.
BoardChairCEORElation	1 if neither the board chair nor the CEO are new to their roles.
BoardChairTenure	The tenure of the board chair.
BoardChairGender	1 if the board chair is female; 0 if male.
BoardCoChairs	1 if the organization had board co-chairs.
CEOTenure	The tenure of the CEO.
CEOGender	1 if the CEO is female; 0 if male.
BoardSize	Total number of voting board members.
BoardIndependence	Number of independent board members divided by total number of board members.
ProgramRatio	Ratio of program expenses to total expenses.
LagRevenue	Lag of total revenue.
LagUnrestrictedCash	Lag of unrestricted cash. Unrestricted cash is defined as the total cash balance multiplied by the % of net assets that are unrestricted.
LagCEOCComp	Lag of CEO compensation.

revenue is over \$12 million, and the unrestricted portion of the nonprofit’s cash holding is around \$1.7 million.

In Table 4, we present the correlation table among all our variables. Our main interest is the correlation between CEO compensation and board characteristics. Interestingly, all the variables used in our model are significantly correlated with CEO compensation. More specifically, the board chair–CEO relation, board chair tenure, board co-chair, CEO tenure, board size, program expense ratio, total revenue, and unrestricted cash are all positively correlated with CEO compensation, whereas board chair gender (1=female), CEO gender (1=female), and board independence are negatively correlated with CEO compensation. The results suggest that our main variable of interest, that the board chair and CEO have worked together before for the current nonprofit, is associated with higher CEO pay. In the next section, we investigate whether this still holds with multivariate regressions.

Multivariate Results

In this section, we test the impact of board characteristics on CEO compensation in a multivariate setting. In our hypotheses, the main variables of interest are the board chair–CEO relationship, board chair tenure, and board chair gender. In Table 5, we run OLS regressions of the CEO compensation on board characteristics and other firm variables. We use the natural logarithm of all dollar amounts (including CEO compensation, revenue, and unrestricted cash) to reduce the influence of outliers. We control for year fixed effects, and because we focus only on the independent arts organizations, there is no need to include any industry fixed effects. In column (1) and (2) of Table 5, we present the results when the lag CEO compensation is not included as one of the independent variables. When we include the lag CEO compensation under column (3) and (4), the R² increases from 0.549 to 0.824, suggesting that the independent variables in the last two columns capture most of the cross-sectional variations of CEO compensation.

Using the results under column (2) of Table 5, when the lag CEO compensation is not included, we find that the board chair–CEO relationship has a significant positive impact on CEO

Table 3. Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
CEOCComp	2,153	238,028	193,953	7,615	3,750,670
BoardChairCEORelation	2,153	0.57	0.50	0.00	1.00
BoardChairTenure	2,153	1.22	1.16	0.00	4.00
BoardChairGender	2,153	0.32	0.46	0.00	1.00
BoardCoChairs	2,153	0.04	0.19	0.00	1.00
CEOTenure	2,153	1.83	1.27	0.00	5.00
CEOGender	2,153	0.39	0.49	0.00	1.00
BoardSize	2,153	28.44	17.32	2.00	260
BoardIndependence	2,153	0.93	0.11	0.00	1.00
ProgramRatio	2,153	0.77	0.10	0.00	0.99
LagRevenue	2,153	12,300,000	24,700,000	169,993	607,000,000
LagUnrestrictedCash	2,153	1,742,826	3,216,220	325	44,100,000

Note: This table reports the summary statistics of board characteristics and firm-specific variables used in the analysis. The sample includes large independent arts organizations from 2012 to 2018. All the variables are described in Table 2.

compensation. More specifically, if the board chair and CEO have previously worked together for the same nonprofit, the CEO has 7.75% higher compensation than if they have not worked together previously. The results are weakened if we control for lag CEO compensation, but the significance still holds. The findings are consistent with our first hypothesis. As discussed previously, there are two potential explanations for our results. First, the board chair–CEO relationship variable might reflect the synergy created during the board chair and CEO’s tenure together. Consistent with the efficient contracting theory, the synergy would lead to superior performance, which then leads to higher CEO compensation. Alternatively, consistent with the managerial power theory, the board chair–CEO relationship could raise the risk of entrenchment as CEOs could use their ties with the board chair to negotiate higher levels of payment, which would negatively affect the value of other organization stakeholders. The relationship between board chair tenure and CEO compensation is no longer significant after we control for other board chair and firm characteristics, which supports our second hypothesis. In terms of board chair gender, we find that female board chairs are associated with lower CEO compensation in all four regressions, but the coefficient is not significant after we control for other variables, which provides support for our third hypothesis as well. As a control variable, the positive coefficient in front of co-chairing loses its significance after we include lag CEO compensation in our regression.

In terms of CEO characteristics, consistent with the evidence from the for-profit literature, we find that CEO tenure is positively associated with CEO compensation, suggesting that longer serving CEOs in our sample enjoy higher compensation than CEOs with a shorter tenure.

Regarding board characteristics, in column (2) we find that larger boards are associated with higher CEO compensation. However, board size loses its significance when we include the lag CEO compensation in column (4). Interestingly, the board independence variable is not significant in any of the multivariate regressions. These results show that, compared with board chair and CEO characteristics, board size and independence are less important considerations for CEO compensation.

Table 4. Correlation Table

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
CEOComp (1)	1.00											
BoardChairCEORelation (2)	0.13*	1.00										
BoardChairTenure (3)	0.13*	0.60*	1.00									
BoardChairGender (4)	-0.07*	-0.02	-0.02	1.00								
BoardCoChairs (5)	0.09*	0.02	0.02	0.03	1.00							
CEOTenure (6)	0.14*	0.33*	0.23*	-0.02	0.04	1.00						
CEOGender (7)	-0.08*	-0.01	0.00	0.00	-0.02	0.00	1.00					
BoardSize (8)	0.31*	-0.02	-0.02	-0.01	0.01	0.01	-0.06*	1.00				
BoardIndependence (9)	-0.06*	0.01	-0.01	0.04	-0.01	0.02	-0.04*	-0.16*	1.00			
ProgramRatio (10)	0.06*	0.02	0.01	0.00	0.02	0.04*	0.02	0.07*	0.02	1.00		
LagRevenue (11)	0.56*	0.03	0.10*	-0.07*	0.06*	-0.01	-0.04	0.23*	-0.06*	0.09*	1.00	
LagUnrestrictedCash (12)	0.47*	0.04	0.06*	-0.06*	0.05*	0.02	-0.04	0.11*	-0.05*	0.10*	0.54*	1.00

Note: This table shows the Pearson correlations among the board characteristics and firm-specific measures. Figures followed by “*” indicate that they are significant within the 5% significance level. The sample includes large independent arts organizations from 2012 to 2018. All the variables are described in Table 2.

In terms of nonprofit performance, we find that firms with a lower program expense ratio, that is, firms that devoted a lower percentage of expenses to programs, have higher CEO compensation. This might be attributable to the inverse relationship between the program expense ratio and the administrative expense ratio, where a significant portion of CEO compensation should be allocated.

The results of other control variables are consistent with the previous literature. More specifically, nonprofits with higher lagged revenue and unrestricted cash have higher CEO compensation. Finally, higher past CEO compensation also leads to higher future compensation. In summary, in Table 5 we find supportive evidence that the board chair–CEO relationship contributes to higher CEO compensation.

Table 5. Regression Analysis

Dependent variable: Ln(CEOComp)	(1)	(2)	(3)	(4)
BoardChairCEORelation	0.0775 ^{***} -3.19	0.0775 ^{***} -3.89	0.0462 ^{***} -3.03	0.0462 ^{***} -2.75
BoardChairTenure	0.00497 -0.5	0.00497 -0.39	-0.00763 (-1.21)	-0.00763 (-1.05)
BoardChairGender	-0.0178 (-0.95)	-0.0178 (-0.71)	-0.00878 (-0.75)	-0.00878 (-0.85)
BoardCoChairs	0.145 ^{***} -3.22	0.145 ^{***} -2.75	0.02718 -0.96	0.02718 -1.05
CEOTenure	0.0699 ^{***} -7.95	0.0699 ^{***} -6.58	0.0131 ^{**} -2.31	0.0131 ^{**} -2.02
CEOGender	-0.0274 (-1.53)	-0.0274 (-0.95)	-0.0149 (-1.33)	-0.0149 (-1.26)
BoardSize	0.00457 ^{***} -8.45	0.00457 ^{***} -3.62	0.000779 ^{**} -2.28	0.000779 [*] -1.85
BoardIndependence	0.0847 -1.08	0.0847 -0.7	0.01047 -0.21	0.01047 -0.2
ProgramRatio	-0.441 ^{***} (-4.97)	-0.441 ^{***} (-2.85)	-0.199 ^{***} (-3.50)	-0.199 ^{***} (-3.33)
LnLagRevenue	0.382 ^{***} -33.81	0.382 ^{***} -18.3	0.0942 ^{***} -10.67	0.0942 ^{***} -4.93
LnLagUnrestrictedCash	0.0401 ^{***} -6.37	0.0401 ^{***} -3.94	0.0134 ^{***} -3.37	0.0134 ^{***} -3.48
LnLagCEOComp			0.750 ^{***} -56.65	0.750 ^{***} -18.62
_cons	5.655 ^{***} -30.89	5.655 ^{***} -16.49	1.554 ^{***} -11.44	1.554 ^{***} -6.37
Year Fixed Effect	YES	YES	YES	YES
Clustered by EIN		YES		YES
N	2,153	2,153	2,102	2,102
Adj. R ²	0.549	0.549	0.824	0.825

Note: This table reports the OLS regression results of total CEO compensation on board characteristics and other firm-specific variables. ‘***’, ‘**’, and ‘*’ represent significance at 1%, 5%, and 10% levels, respectively. We control for year fixed effects. The sample includes large independent arts organizations from 2012 to 2018. All variables are described in Table 2. T-statistics are reported in parentheses. Columns (2) and (4) cluster standard errors by EIN.

Additional Analyses

Subsample Tests Based on Total Revenue and Board Size

Oster (1998) and Grasse et al. (2014) find organization size affects executive compensation. Board chair–CEO relationship and board chair characteristics may have different levels of influence on executive compensation for different size groups of nonprofit organizations.

Consistent with both the efficient contracting and managerial power theories, larger nonprofits might be better equipped to reward CEO with higher compensation. Therefore, we expect to find more support for our first hypothesis among larger nonprofits. Correspondingly, we conduct a supplementary analysis based on organization size, measured by total revenues. We divide our sample into two groups based on total revenue and then repeat our main regression within each group. In our regression, we include the previous year's CEO compensation and control for year fixed effect. The results are presented in columns (1) and (2) of Table 6. We find that the board chair–CEO relationship is only positively associated with CEO compensation in the top half of our sample (at the 5% level). More specifically, for nonprofits whose total revenue is above the median, if the board chair and CEO have previously worked together in the current nonprofit, the CEO compensation is 6% higher than if they have not previously worked together. The coefficient in front of the board chair–CEO relationship is not significant in the bottom half of our sample.

Based on the results from our main regressions, board size has a significantly positive impact on executive compensation. Board chair–CEO relationship and board chair characteristics may affect executive compensation differently based on board size. With results similar to those of our subsample test based on total revenue, we expect firms with larger boards to be better financially equipped and thus have a stronger association between CEO compensation and board chair–CEO relationship. Therefore, we rerun our main regressions based on board size, measured by the number of board members. We divide our sample into halves based on the size of the board and repeat the main regression within each group. The results are reported in column (3) and (4) of Table 6. We find that the positive association between the board chair–CEO relationship and CEO compensation only holds in the top half of our sample in terms of board size.

Our subsample tests results based on total revenue and board size suggest that the positive association between board chair–CEO relationship and CEO compensation (Hypothesis 1) is significant only for large nonprofits that are better equipped to provide competitive pay to their CEOs. These results are potentially consistent with both the efficient contracting and managerial power theories, given that large nonprofits with extra financial recourse are more likely to reward their superior performing CEOs with higher pay and/or engage in entrenchment activities.

Subsample Test Based on the Percentage Change of Program Expense

Next, to disentangle the efficient contracting and managerial power theories, we conduct another subsample test based on the percentage change of program expenses from the previous year. Change of program expense is used as a performance measure in Aggarwal et al. (2012). This variable fits into our analysis since if managerial entrenchment is behind the positive association between CEO compensation and board chair–CEO relationship, these nonprofits could potentially reduce (or not increase as much) their investments in programs, which would negatively affect other stakeholders (clients). However, if superior CEO performance is the driving force behind the positive association, we should observe the positive association among the nonprofits with higher increases in program expenses. Thus, we divide our sample into halves based on the percentage change of program expenses and rerun our main regression. The results are presented in column (5) and (6) of Table 6. The results suggest that the positive association between CEO compensation and board chair–CEO relationship (Hypothesis 1) is significant only for firms with a lower percentage change in program expenses. This evidence suggests that higher CEO compensation is more likely to result from managerial entrenchment. Consistent with Hypothesis 2 and 3, board chair tenure and gender are not associated with CEO compensation in any of the subgroups.

Table 6. Partitioned Analysis

Dependent variable: Ln(CEOComp)	Total Revenues Above Median (1)	Total Revenues Below Median (2)	Total Board Size Above Median (3)	Total Board Size Below Median (4)	% Change Program Expense Above Median (5)	% Change Program Expense Below Median (6)
BoardChairCEORelation	0.061*** (3.47)	0.038 (1.42)	0.046** (2.57)	0.04 (1.43)	0.040 (1.17)	0.041* (1.80)
BoardChairTenure	-0.011 (-1.52)	-0.007 (-0.59)	-0.012 (-1.49)	0.0003 (0.02)	-0.014 (-1.20)	-0.006 (-0.66)
BoardChairGender	0.004 (0.36)	-0.02 (-1.17)	0.0007 (0.05)	-0.02 (-1.05)	0.015 (0.76)	-0.002 (-0.16)
BoardCoChairs	0.033 (1.05)	0.028 (0.85)	0.033 (0.90)	0.023 (0.79)	-0.002 (-0.08)	0.048 (1.13)
CEOTenure	0.013 (1.61)	0.015 (1.46)	0.026*** (2.62)	0.002 (0.25)	0.015 (1.35)	0.007 (0.88)
CEOGender	-0.008 (-0.65)	-0.019 (-0.98)	-0.0004 (-0.03)	-0.038* (-1.92)	-0.066*** (-3.09)	0.004 (0.24)
BoardSize	0.0001 (0.42)	0.002** (2.29)	-0.00001 (-0.03)	0.003 (1.40)	0.0003 (0.37)	0.00002 (0.05)
BoardIndependence	-0.043 (-0.72)	0.105 (1.32)	0.039 (0.60)	-0.05 (-0.63)	0.060 (0.75)	-0.135 (-1.43)
ProgramRatio	-0.197** (-2.14)	-0.284*** (-3.03)	-0.082 (-1.12)	-0.292*** (-3.33)	-0.215* (-1.93)	-0.148** (-2.11)
LnLagRevenue	0.050** (2.54)	0.081*** (2.75)	0.072*** (4.76)	0.098*** (3.23)	0.061** (2.04)	0.079*** (5.14)
LnLagUnrestrictedCash	0.004 (1.01)	0.019*** (2.74)	0.011** (2.18)	0.016*** (2.71)	0.014* (1.82)	0.021*** (3.01)
LnLagCEOComp	0.877*** (22.26)	0.627*** (10.99)	0.822*** (23.85)	0.689*** (11.25)	0.832*** (15.59)	0.794*** (24.47)
_cons	0.844*** (3.25)	3.047*** (6.11)	0.939*** (3.44)	2.28*** (6.03)	0.994*** (3.26)	1.278*** (4.05)
Year Fixed Effect	YES	YES	YES	YES	YES	YES
Clustered by EIN	YES	YES	YES	YES	YES	YES
N	1,061	1,041	1,042	1,060	751	754
Adj. R ²	0.851	0.614	0.857	0.747	0.818	0.865

Note: This table reports the OLS regression results of total CEO compensation on board characteristics and other firm-specific variables for various partitions. ‘***’, ‘**’, and ‘*’ represent significance at 1%, 5%, and 10% levels, respectively. We control for year fixed effects. The sample includes large independent arts organizations from 2012 to 2018. All variables are described in Table 2. T-statistics are reported in parentheses. Standard errors are clustered by EIN.

Robustness Tests

We also conducted several robustness tests. First, we replace our main variable, board chair–CEO relationship, with the number of years the board chair and CEO have previously worked together. The purpose of this procedure is to replace a binary variable with a semi-continuous variable that is linked to the duration of the board chair’s and CEO’s tenure together. The untabulated results show that as the board chair and CEO accumulate longer tenure together, the CEO enjoys higher compensation. More specifically, one more year of cohort experience between the board chair and CEO leads to an 3.78% increase in CEO compensation, even after we control for the previous year’s compensation. The result is consistent with our first hypothesis and reinforces the main finding of this paper.

In our second robustness test, we added two additional control variables, a dummy variable that equals to 1 if the board chair gender and CEO gender are aligned, and a dummy variable that equals to 1 if the CEO’s title includes the phrase “artistic.”⁸ The rationale for the first variable is that gender alignment could further reinforce both the synergy created by the board chair and CEO’s tenure together and the entrenchment risk associated to prior relationships. Thus, we predict that board chair and CEO gender alignment will contribute to higher compensation. The rationale for the second variable is unique for our nonprofit sample. In large arts organizations, it is not uncommon to have both an executive director and an artistic director. In our study, we focus on the highest-paid individuals, irrespective of title. However, in the robustness test, we are interested to see if having a certain type of title, in this case including the phrase “artistic,” would have any impact on CEO compensation. Our data suggests that in 53% of our sample nonprofits the CEO gender and board chair gender are aligned, and about 10% of the CEOs have the term “artistic” in their titles. The untabulated results confirm that gender alignment is positively associated with CEO compensation, while having “artistic” in the title is not significantly associated with CEO compensation.

In our last robustness test, instead of using the level compensation and including the previous year’s compensation in the regression, we use the percentage change of the CEO compensation from the previous year as our dependent variable.⁹ We keep all the other independent variables in our main model intact. Our unreported robust regression results suggest that the positive relationship between board chair–CEO relationship and CEO compensation is still significant.

Conclusions

To our knowledge, the current study is one of the first to specifically consider the role the board chair plays in setting the compensation of the CEO in the nonprofit sector. Unlike the for-profit sector, where many CEOs act as board chair and CEO, in the nonprofit sector almost all board chairs serve independently from the executive function. This allows us to isolate the board chair role and test whether board chair characteristics are associated with level of CEO compensation.

We find a nuanced relationship between board chair–CEO relationship and CEO compensation. Univariate results suggest the gender of the board chair, the size of the board, whether the board has co-chairs, the tenure of the board chair, and whether the board chair and CEO have previously worked together are all associated with the total CEO compensation. However, once we run the multivariate analysis, a few key determinants rise to the top. We find a strong association between the board chair and CEO having a prior working relationship and higher levels of CEO pay. Again, this is consistent with both the efficient contract theory where concurrent board chair and CEO tenure indicates the synergy created from the pair’s past working experience and better CEO performance, and the managerial power theory where the board chair (and by extension the board) loses some objectivity once a level of familiarity

exists between the board chair and CEO. Once other known determinants of compensation are controlled for, we find CEO compensation is not associated with board chair tenure or gender. The supplementary analyses indicate that the positive association between the board chair–CEO relationship and CEO compensation is prominent only for larger nonprofit organizations, those with a bigger board, and nonprofits with lower percentage change in program expenses from the previous year. In all, our evidence leans towards CEO entrenchment and the managerial power theory.

Overall, our finding contributes to the understanding of the important role played by the board chair and the board chair–CEO relationship as a determinant variable for CEO compensation. Our results suggest that stewards of nonprofit organizations should exercise increased care in setting CEO compensation in the presence of governance indicators that might indicate relatively lax oversight. Specifically, organizations with large boards and more revenues (and unrestricted cash) and those whose board chair and CEO have a cozy relationship should be diligent in ensuring that their CEO compensation-setting practices are well documented and reasonable and that they can be defended upon scrutiny. A formal CEO performance evaluation process conducted on an annual basis might be particularly helpful for nonprofits currently evaluating their CEO on a more informal basis. Future studies with a longer time series could continue to examine the compensation-setting practices at nonprofit organizations and determine what characteristics of the board best ensure a just and reasonable CEO compensation package.

Notes

1. In the nonprofit setting, the chief executive could be named as CEO, executive director, general manager, or other similar titles. In this paper, we use the term ‘CEO’ to capture the role played by the chief executive.
2. In the managerial power theory framework, power is defined as the ability of the executives to influence the level and composition of their own compensation package (Murphy, 2013).
3. We understand this measure does not capture all aspects of board chair–CEO relation (such as their social connections outside the nonprofit organization). Nevertheless, we believe the years served together by the pair plays a significant role in shaping their power dynamics and thus has an influence on CEO compensation.
4. In our sample, only one out of the 705 nonprofit organizations included in our study has the same person acting as both board chair and CEO.
5. Aggarwal et al. (2012) use two proxies for managerial incentives. The first is the sensitivity of compensation to financial performance. The second is the coefficient of variation of executives’ compensation.
6. Our sample is representative of the general nonprofit population in terms of the composition of total revenue. In our sample, the percentages of total revenue from donations and program income are 55.9% and 32.8%, respectively. Among the nonprofits that filed Form 990 in 2017, the percentages of donations and program income are 52.6% and 36.8%, respectively. We would also note that prior studies have focused on arts organizations in part based on their familiarity (Grasse et al., 2016).
7. At the time the sample was downloaded, April 2019, GuideStar Premium allowed registered users to download the most recent 5 years of board and officer data.
8. We thank the anonymous reviewers for the suggestions of both variables.
9. We thank the anonymous reviewers for this suggestion as well.

Disclosure Statement

The authors declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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Building Nonprofit Management Education in the US: The Role of Centers in Supporting New Academic Disciplines

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Nonprofit and philanthropic studies (NPS) is a visible presence at American universities and has achieved academic credibility. This study analyzes the role of academic centers devoted to the nonprofit sector in institutionalizing NPS as a distinctive academic field. It relies on a survey and selected case studies to map nonprofit academic centers and assess their field-building efforts. We find 55 US-based nonprofit academic centers that vary in size, revenue streams, and institutional location. Centers offer a broad range of services that span academia and practice supporting the local and regional nonprofit communities. Both endogenous and exogenous factors supported the founding of these centers, whose sustainability relies on interdisciplinarity, internal and external funding, and institutional support. We propose an evolutionary explanation for NPS's institutionalization.

Keywords: Nonprofit Management, Academic Centers, Institutionalization, Academic Disciplines, Socio-Scientific Movements

Introduction

Academic centers devoted to the nonprofit sector, philanthropy, and civil society (hereafter, nonprofit academic centers) were instrumental in developing nonprofit management education (NME) and more broadly nonprofit and philanthropic studies (NPS).¹ As a field of knowledge, NPS originated at the intersection of multiple disciplines, struggling to clearly differentiate itself from disciplinary homes and traditions (disciplinary silos). Organizationally, academic centers allowed the emerging field to move beyond established disciplines and achieve a degree of autonomy within higher education. Further, the field's practical relevance, as a response to the needs of the nonprofit sector, favored organizational forms like centers facilitating outreach. Not surprisingly then, in its early years, a high number of academic centers in proportion to programs characterized NPS, as the history and membership trajectory of Nonprofit Academic Centers Council (NACC; a membership organization of academic units devoted to the nonprofit sector and philanthropy) shows. As Hambrick and Chen (2008) note, however, new academic fields depend on their ability to differentiate themselves from adjacent fields, mobilize resources, and legitimize themselves within higher education. This study then investigates nonprofit academic centers in the context of NPS's emergence, mobilization, and legitimation.

Despite nonprofit academic centers' centrality in the history of NPS, most studies fail to clearly distinguish between academic centers and academic programs (Weber & Brunt, 2021). Here we focus exclusively on academic centers, which we differentiate from degree-granting academic programs and non-degree granting academic programs. We define nonprofit academic centers as academic units outside faculty governance involved in a combination of research, outreach, and teaching activities (Weber & Brunt, 2021). By contrast, academic programs are based in departments and can be either degree granting programs (masters programs at the graduate level, or undergraduate majors awarding a BA or BS) or non-degree granting programs (a combination of courses, typically at least three, forming a graduate or undergraduate certificate, specialization, concentration, or—at the undergraduate level—academic minor). The focus on academic centers is relevant to scholars of NPS and current directors of academic centers, as centers differ significantly from academic programs in terms of governance, structures, and activities, with specific managerial tasks and responsibilities for center directors as compared to academic program directors and department chairs.

Relying on a survey and case studies, the study has a three-fold purpose. First, it maps the size and scope of nonprofit academic centers. In the first systematic national mapping effort beyond the membership of the NACC, we find 55 nonprofit academic centers serving both the nonprofit community and traditional university students. Second, we assess the centers' contributions to NPS. Survey responses and case studies indicate how interdisciplinarity, internal and external funding, and institutional support interact against the broader background of a nationwide field-building momentum. Lastly, we show that nonprofit academic centers enhance NPS's academic credibility by maintaining active connections with the field of practice.

Drawing on the theoretical framework of socio-intellectual movements (SIMs) (Frickel & Gross, 2005; Hambrick & Chen, 2008), we argue that nonprofit academic centers support NPS institutionalization. New SIMs emerge when scholars and/or practitioners are dissatisfied with practices or expectations in a field or set of fields, structural conditions ensure access to key resources (employment, intellectual prestige, and organizational resources) and to micro-mobilization contexts (conferences, research retreats, and academic departments), and there is a developing intellectual identity (Frickel & Gross, 2005). Against the background of macro and micro trends, nonprofit academic centers aid the field's differentiation and mobilization of resources as units outside traditional academic structures. We distinguish between academic credibility and broader disciplinary legitimization whereby the incorporation of nonprofit academic centers into traditional academic structures highlights NPS's growing academic credibility while potentially signaling a loss of institutional autonomy.

Accordingly, the article is structured as follows. First, we apply the evolutionary theory of socio-intellectual movements to NPS, further distinguishing between legitimization and academic credibility. It contextualizes the emergence of NPS in macro and micro trends, pointing to nonprofit academic centers' roles in these processes. Next, the study's methodology is detailed. The lack of a comprehensive list of US nonprofit academic centers complicates sample identification. Combining survey research and case studies we broaden the analysis beyond existing centers to incorporate organizations that either changed institutional form or faltered. In describing nonprofit academic centers, the study explores factors contributing to center growth, and proposes an evolutionary explanation of NPS.

Literature Review

An Evolutionary Theory of Academic Institutionalization

We rely on the theoretical framework of socio-intellectual movements (SIMs), as developed by Frickel and Gross (2005) and Hambrick and Chen (2008) to map the development of NPS.

New scientific fields emerge when informal communities of scholars become established within higher education and formalize new academic disciplines. SIMs are “collective efforts to pursue research programs or projects for thought in the face of resistance from others in the scientific or intellectual community” (Frickel & Gross, 2005, p. 206). New academic fields evolve and gain institutional stability through the three interrelated stages of differentiation, mobilization, and legitimization (Hambrick & Chen, 2008).

- *Differentiation*. New fields often must overcome resistance from adjacent fields with overlapping areas of inquiry that compete over the same pool of resources. A new field not only needs to differentiate itself but also avoid being perceived as a threat, positioning itself instead at the intersection of multiple adjacent fields (Hambrick & Chen, 2008, pp. 35–36). This process points to the slowness of academic innovations, with new disciplines struggling to create an independent identity, separate from related fields employing similar conceptual frameworks.
- *Mobilization*. The long-term success of new disciplines also depends on the effective mobilization of resources. Political opportunity, shared interests, and social infrastructure determine the effectiveness of mobilization (Hambrick & Chen, 2008, pp. 36–37).
- *Legitimacy*. New fields’ legitimacy reflects both practical relevance and external forces (cultural, environmental, and political). New disciplines rely on either persuasion or emulation to legitimize themselves to potential members, allies, and resource providers (Hambrick & Chen, 2008, pp. 37–38). Practical relevance in meeting social needs contributes to field legitimacy (Hambrick & Chen, 2008).

Differentiation

NPS evolved in the context of broader trends in higher education in the USA. O’Neill (2005) and Young (1999) embed NPS within American higher education trends toward management education, carving out a space for specialized ‘nonprofit’ management next to the more traditional management programs focusing on private and public organizations. This development occurred ‘against the larger background of US universities increasingly offering professional education (O’Neill, 2005). Management education and business schools responded to the practical needs of large corporations and industrial conglomerates in the late nineteenth century (Engwall & Zamagni, 1998; Wren & Van Fleet, 1983). Likewise, in the mid-twentieth century, as a field of study, public administration responded to the need for more and better government interventions in the wake of industrialization, urbanization, and population growth (Ingraham & Zuck, 1996; Raadschelders, 2011). Both business education and public administration reacted to practical needs, striving to build disciplinary autonomy within the broader focus on management and administrative sciences.

Tensions over disciplinary boundaries and autonomy characterized the development of business, public administration, and NPS. Public administration’s trajectory foreshadows the identity questions facing NPS. While the growing administrative needs of the rapidly expanding federal government in 1920s and 1930s legitimized public administration as separate from both general business/management education and political sciences, lack of program identity moved PA to a subfield of political sciences in the 1940s and 1950s, a status that being located in departments of political science reenforced (Bowman & Thompson, 2013; Ingraham & Zuck, 1996; Raadschelders, 2011). In the 1950s, particularly in business schools, the founding of the *Administrative Science Quarterly* supported the notion that all administration was administration with no need to distinguish between private, public, and nonprofit administration (Bowman & Thompson, 2013; Henry, 1975). Beginning in the 1970s, public administration institutionalized with an intellectual focus on organization theory, management science, and the public interest, establishing separate schools of public affairs and separate departments of public administration (Ingraham & Zuck, 1996). Concurrently, NPS emerged against the background of these disciplinary debates in administrative science and a rapidly transforming nonprofit sector.

NPS differentiated at the intersection of public, nonprofit, and business management. Most nonprofit courses are offered in Colleges of Arts and Sciences and Schools of Public and Environment Affairs, with 17% based at business schools or schools of business and public administration (Mirabella et al., 2019). Institutional location influences curricular choices as, for instance, the balance between outside and inside function and boundary spanning courses varies across degrees (Mirabella & Wish, 2000). Next to public administration and business, liberal arts and social work are common institutional locations for nonprofit studies, reflecting the interdisciplinarity and multipolarity of the field (Mirabella et al., 2019). More foundationally, however, NPS's location influences the field's identity, as the study of NPOs is subordinated to the specific field of the hosting academic structure (Young, 2001).

In the early and mid-1980s, both academics and practitioners greeted the first NPS programs with some skepticism, questioning the distinctiveness of "nonprofit" management (Hall, 1992, p. 417), thus spurring discussion on whether NPS should be placed in business schools, public affairs/administration schools, or independent academic structures (Young, 1999). More recently, the deregulation of government in social services increased nonprofit management's relevance to public affairs curricula, supporting the integration of nonprofit studies content into public administration programs (Saidel & Smith, 2015), and challenging the autonomy of NPS while signaling its acceptance as a subject of study.

Mobilization

Responding to the nonprofit sector's structural transformations and policy challenges, NPS emerged with a strong practical relevance. Since the 1960s, with the Great Society and War on Poverty programs, federal and state governments rely on nonprofit organizations to deliver basic social welfare services, and the nonprofit sector depends on grants and contracts as major revenue sources (Grønbjerg, 2001; Salamon, 1987). Welfare spending shifts in the 1980s under the Reagan Administration changed the relationship between government and nonprofit sector, forcing the latter to seek alternative funding sources, increase efficiency, and emphasize professional management (Salamon, 1993). Pressures for both effectiveness and accountability accompanying government grants and contracts pushed for increased professionalization of nonprofit management (Smith & Lipsky, 1993) as efficiency forced nonprofits to do more with less due to funding declines under the Reagan Administration (Young & Salamon, 2002). The emergence of NPS responded to the call for better managed nonprofit organizations, as professionalization became increasingly relevant for procuring government grants and contracts (Suárez, 2011).

The nonprofit sector's transformation and the general trends toward management education within higher education strengthened the mobilization of an interdisciplinary community of scholars. While professional education for managers of youth agencies can be traced back to trainings by the YMCA in the 1910s and the founding of the American Humanics in 1948 (Ashcraft, 2001; Lee, 2010), the creation of the Independent Sector and the Association of Voluntary Action Scholars (AVAS; the predecessor of ARNOVA) in the 1970s provided a common ground for scholars broadly interested in voluntary action, philanthropy, and nonprofit sector (Hall, 1992; Smith, 2003). The field's infrastructure grew rapidly over the following three decades with the growth of professional associations, conferences, and symposia providing micro socializing opportunities, academic journals and books contributing to the knowledge infrastructure, and academic opportunities for faculty as tenure track positions, endowed chairs, and teaching (Hall, 1993; O'Neill, 2005; Smith, 2013). As a result, universities adopted an incremental approach to developing academic majors in the field (Weber & Brunt, 2020).

During the 1980s, the environment within which nonprofit organizations operated changed significantly, requiring new nonprofit management and leadership competencies. In response, academia, nonprofit sector, and philanthropy worked together to increase the nonprofit

sector's capacity (Backer, 2001). Foundations identified key actors able to influence systemic changes, including philanthropy-focused organizations, nonprofit-focused organizations and associations, and multi-sector infrastructure organizations (Foundation Center, 2018). Various foundation initiatives identified academic programs and centers as strategic nodes to create a more professional, effective, and diverse social sector (Poscio, 2003). In pursuing this overarching goal, foundations supported the professionalization of practice and (academic) knowledge production through the creation of academic centers.

Legitimization and Academic Credibility

NPS is a very diverse field, populated by in-house trainings, nonprofit management organizations, consulting, and academic programs. Academic programs are important, however, because they drive the formalization and professionalization of the field of study (Young, 1999). The Nonprofit Management Education project at Seton Hall University maps course offerings, institutional and geographical location, and curriculum content. According to the most recent data, between 1996 and 2016, universities offering graduate nonprofit courses increased by 95% and undergraduate nonprofit courses increased by 127%, with now 651 programs offering courses in NPS at 339 academic institutions (Mirabella et al., 2019). This growth signals NPS's increasing recognition within US higher education as a field of study and object of scientific research.

Nonprofit programs' increased presence signals the field's acceptance within traditional academic disciplines. The new accreditation systems testify to the search for legitimacy for the emergent field. NACC developed an accreditation system for standalone nonprofit programs, accrediting a first cohort of programs in the summer of 2019. Likewise, the Network of Schools of Public Policy, Affairs, and Administration (NASPAA) developed accreditation standards in nonprofit for schools in its network. However, these efforts are not without criticism. While NACC's accreditation process aims to signal the value and quality of stand-alone nonprofit education programs in a context of proliferation of courses on nonprofits and philanthropy in name only (Hale & Irvin, 2017), this push for common standards risks limiting a field that made diversity and innovativeness one of its strongest assets (Mirabella & Eikenberry, 2017).

While NPS's legitimacy is strongly rooted in the field's practical relevance, recent studies evaluating NPS scholarship and dissertation describe a narrowing of the field. NPS addressed—like earlier business management and public administration—practical needs, yet its practical orientation undermined its legitimacy within higher education from the perspective of traditional and established disciplines. The evolution of nonprofit studies scholarship and the adoption of a terminology of performance and measurement reflects a search of legitimacy of the field within institutions of higher education (Marberg et al., 2019; Shier & Handy, 2014, p. 826). Paradoxically, the search for academic legitimacy (or credibility) influenced a widening of the scholar-practitioner gap, reinforcing the perception of a superiority of academia over practice (Taylor et al., 2018).

In the institutionalization process, we differentiate between legitimization as separate academic discipline and academic credibility. Academic credibility refers to the ability of a field of enquiry to meet the expectations of faculty and adjacent disciplines (Larson & Long, 2000). The case of NPS exemplifies this distinction as scholars-advocates emphasize notions of 'nonprofit first,' advocating for an independent and separate discipline with its own institutional structures (Mendel, 2017; Young, 1999). Alternative approaches recognize nonprofit organizations, philanthropy, and volunteerism as legitimate topics of scientific enquiry but view the integration of nonprofit management content into public administration programs as an ideal outcome (Salamon, 1998). The parallel accreditation processes by NACC and NASPAA reflect the distinction between legitimization and academic credibility.

A conceptual broadening paralleled the process of institutionalization, reflecting both the field's diverse origins and its increased legitimacy. In the phases of differentiation and mobilization, nonprofit management emerged at the intersection of business management and public administration, responding to the need for a better managed nonprofit sector (a clear focus of funding initiatives of US philanthropic foundations in the 1980s and 1990s). Many of the early academic programs were at the graduate level with a clear focus on, as the W. K. Kellogg Foundation framed it, "building bridges" between practice and academia. At the same time, however, a broader framing of the field, beyond management, emerged, often at the undergraduate level with a focus on forming a civically engaged citizenry rather than nonprofit managers. These programs can in most cases be traced back to the network of American Humanics (later Nonprofit Leadership Alliance, NLA) (Dolch et al., 2007). Burlingame (2009) most clearly articulates this broader approach, positioning nonprofit and philanthropic studies in the liberal arts emphasizing the multiplicity of perspectives needed to fully understand philanthropic dynamics. The parallel and at times overlapping use of nonprofit management education and nonprofit studies (or nonprofit and philanthropic studies) reflects the multiple origins of the field. The trajectory of nonprofit academic centers is emblematic, as the incorporation of centers in traditional academic structures (schools, colleges, and departments) reflects a loss of independence and an institutionalization process (Mirabella et al., 2019; Young, 1998).

Academic Centers and Institutes

The tension between isomorphic tendencies and change characterizes higher education. Higher education recognizes universities as "broadly accessible, socially useful, and organizationally flexible" institutions (Meyer et al., 2007, p. 35) that hold societal responsibilities to utilize their flexibility to provide a variety of programming (Gumport, 2000). In this context of both isomorphism and change emerges a distinct role for academic centers. In the second half of the twentieth century, academic centers broke the rigidity of disciplinary departments allowing academic institutions to partner with outside funders and focus on more germane knowledge (Geiger, 1990; Sá, 2008). For these same reasons, they became ideal units to support new scientific fields facing resistance from established academic structures (Clausen et al., 2012, pp. 1249–1250). As nonprofit studies education grew, and academia retained a research focus, centers provided a venue through which to address community needs through service-learning projects and program-community partnerships (Weber & Brunt, 2021).

We define academic centers in terms of governance, structure, and activities. In terms of governance, centers are typically located outside departmental structures, with direct reporting lines to deans or provost, and are therefore positioned outside faculty governance structures. As a result, they are more hierarchical than the typical horizontal governance structure of departments emphasizing faculty collegiality. In terms of structure, centers vary, but except for so-called 'shadow centers' (Mallon, 2004), they have physical space and some administrative support facilitating collaborative and interdisciplinary research and outreach. In terms of activities, the independence at the levels of governance frees centers from the departmental constraints often imposed by disciplinary silos, favoring a responsiveness to outside stakeholders (industry partners, funders, etc.) and both a willingness and ability to explore new research areas. Consistent with the literature, we use institute and center interchangeably to facilitate both analysis and discussion of findings.

In the wake of the 1986 San Francisco Nonprofit Management Education Conference, two reports published by Independent Sector identified 19 nonprofit academic centers in 1988 and 24 in 1991 (Crowder & Hodgkinson, 1991; Hodgkinson, 1988). As Mirabella and Renz (2001) note, the development of these centers paralleled and overlapped a growing understanding in US academia of the concept of service to their communities at a time of government deregulation and changes in higher education.

The growing number of nonprofit academic centers served as an input for informal gatherings of nonprofit academic centers directors, convened by Michael O’Neil and Dennis Young, in the context of Independent Sector’s annual conferences (Rooney & Burlingame, 2020). The Nonprofit Academic Centers Council (NACC) emerged from these informal gatherings in 1991, thereby capturing the field-building impetus of this generation of academic entrepreneurs (Ashcraft, 2015; Mendel, 2015; Rooney & Burlingame, 2020). Data on NACC membership shows a growth from 43 in June 2006 (Young & Chapman, 2006) to 54 as of June 2019. This data, however, hides a change in composition, as a growing number of NACC members are academic programs rather than centers, with 21 out of 54 identifying as center or institute in 2019 against the 34 out of 43 in 2006 (Weber & Brunt, 2021). Indeed, much of the available research on NACC members fails to distinguish between academic programs and academic centers (as the most recent example, see Lough, 2021). These two very different organizational forms pose different managerial challenges to the leaders of these units, and research on academic centers emphasizes questions of sustainability while research including academic programs is more oriented toward academic programs and mission, curriculum, student recruitment, etc. (this difference emerges in the articles published under the Program Administration and Development section of the *Journal of Nonprofit Education and Leadership*, which includes both essays focused on academic programs and academic centers).

Research on nonprofit academic centers typically explores financial sustainability and activities, without fully focusing on centers’ roles in institutionalizing NPS. Scholars and practitioners engaged in the building of NPS described the diversity of centers (Young & Chapman, 2006) and analyzed factors supporting the long-term success of the field’s infrastructure organizations, pointing to the crucial intersection of financial sustainability and academic credibility (Larson & Long, 2000; Rooney & Burlingame, 2020; Weber & Brunt, 2021). While initially disconnected from the more practice-oriented management support organizations providing technical assistance to the nonprofit sector (Smith, 1997), centers today successfully bridge the practice-academia divide, true to their nature of boundary spanning institutions (Prentice & Brudney, 2018), although still maintaining strong and diverse research foci (Sommerfeld & Austin, 2014). In this growing literature, only Weber and Brunt (2021) explicitly address the institutionalization question, concluding that institutional location and disciplinary orientation suggest a greater legitimacy and differentiation of the field. Here, we build on this work to expand the analysis beyond NACC members to map the size and scope of nonprofit academic centers and their contribution in NPS’s institutionalization.

Methods

This study contributes to the literature on NPS. First, it maps the size and scope of nonprofit academic centers. Second, it evaluates NPS’s institutionalization. The study relies on a survey of centers and case studies of centers that either faltered or changed institutional form. As discussed in the literature review, the study focuses on academic centers as organizational units that are clearly distinguished from today’s more common academic programs. As a result, we purposefully exclude some of the largest nonprofit management programs such as Indiana University’s School of Public and Environmental Affairs and Syracuse University’s Maxwell School of Citizenship and Public Affairs.

We developed a list of US-based nonprofit academic centers. We included organizations that self-identify as centers or institutes, are explicitly devoted to the nonprofit sector (the inclusion of ‘nonprofit,’ ‘philanthropy,’ or ‘giving’ in the organization’s name typically signals this programmatic orientation), are based in the United States, and were active in 2019 (that is, offered some sort of programing as reported on their website). The list of academic centers was built in three steps:

1. We identified nonprofit academic centers from the institutional members of NACC, ARNOVA, the International Society for Third Sector Research (ISTR), and NASPAA. Most centers at this stage were found among the 54 NACC members (as of 2019), with 21 respondents identifying as a center or institute. Most institutional members of NASPAA, ARNOVA, and ISTR are academic programs, and the few exceptions were either NACC members (so already in our list) or not-US based centers (so outside our scope).
2. We expanded the initial list in consultation with well-known scholars in the field. Informants identified organizations that had a narrower focus, serving particular communities or specializing in subfields. We identified 51 nonprofit academic centers through steps 1 and 2.
3. The survey included a question (question 22) asking respondents to identify comparable organizations. We added four organizations to our initial sample through this snowball approach.

The output of this process is the first comprehensive list of nonprofit centers. As there are no comparable lists (except for NACC membership files), we are unable to fully verify if we failed to include additional centers.

The survey was completed between January 27, 2020, and March 17, 2020. We surveyed 55 nonprofit academic centers of which 25 currently are NACC members (see Appendix A),² and received 31 responses, for a response rate of 56.3%. The survey collected information on the size and scope of nonprofit academic centers, as well as on factors supporting or challenging their development. The survey asked 22 questions in a combination of open-ended questions, yes/no questions, and ranking statements. We adapted the survey questions from Clausen et al. (2012) and Young and Chapman (2006).³ We ended the survey in March 2020 once the COVID-19 pandemic's impact on nonprofit organizations and academic centers became clear as we did not want to burden center directors with follow up emails while they were transitioning their programming online amid a global health crisis.

The survey captured organizational information of currently active academic centers, therefore not addressing why some centers changed institutional form or faltered. We interviewed six current and former leaders of prominent centers to supplement information gathered through the survey. The interviews focused on centers' founding, development, and programming, uncovering factors leading to the assimilation of centers into traditional academic structures or the closing of center. Four interviews were conducted via phone and ranged from one to two hours, whereas two were conducted in writing. In addition to the information gathered through interviews, the case studies rely on webpages, published material, and other documents (such as annual reports, NACC archives).

We purposefully selected the cases as the most appropriate for the case studies, as they represent diverse and influential cases (Seawright & Gerring, 2008). These three cases are extreme cases and allow us to gain deeper knowledge about factors affecting changes in organizational form, institutionalization, and integration in regular academic structures (on extreme cases, see Stinchcombe, 2005, pp. 39–41). The Center on Philanthropy (CoP)⁴ at Indiana University–Purdue University Indianapolis (IUPUI) and the Mandel Center for Nonprofit Organizations at Case Western Reserve University were chosen for their role in pioneering the field. However, while the Center on Philanthropy (CoP) became the first School of Philanthropy in the USA in 2012, the Mandel Center shut its doors in the same year. By contrast, the Department of Public and Nonprofit Studies at Georgia Southern University, illustrates the shift of an academic center to a department.

Table 1. Overview of Case Studies by Institutional Stages

	CoP at IUPUI	Mandel Center at CWRU	Department of Public and Nonprofit Studies at Georgia Southern University
Differentiation	Recognizing the need for professionalization in nonprofit practice, entrepreneurial faculty and administrators led the CoP’s development around the clear niche identity of philanthropic studies, rooted in the liberal arts, to differentiate from the common NME.	The impetus of the center came from an outside donor, Morton Mandel, and the initiative of university administrators to take advantage of an external funding opportunity. The newly formed center and its academic programs formed around the broader concept of “nonprofit studies” to differentiate from “management,” claimed by the business school.	The evolution of the MPA program from a program within a department to institute and then to stand-alone department was guided by the lead faculty member, seeking to carve out a space of autonomy and secure resources for the public and nonprofit affairs program within the broader department of political science.
Mobilization	The CoP brought together a multidisciplinary faculty group investigating philanthropy from a variety of disciplinary angles. The Lilly Endowment, Inc. supported the CoP with \$87 million in its first 20 years of existence, and CoP leadership pursued an endowment-building strategy to isolate the CoP from leadership and administrative changes at the university level.	The center was interdisciplinary in nature being placed under the control of three and later four schools. While this interdisciplinarity allowed to leverage the support and participation of a multidisciplinary faculty, conflicts over control and funding among the participating colleges undermined the center’s sustainability. The Mandel Foundation supported the center through regular, annual grants, but the Mandel Foundation’s centrality crowded out other supporters (Cleveland Foundation, Gund Foundation, and Sohio Corporation).	The original MPA program struggled to gain program resources within a multi-disciplinary department dominated by Political Science. Challenges facing the MPA program included building a strong faculty nucleus and program governance, and accessing program resources. With limited support from university administrators and the department to allow for greater autonomy, the MPA program began efforts to move the program and create a new Institute within the college.
Legitimization	CoP leadership viewed the legitimizing of a new field within academia and overcoming faculty’s resistance to new fields as a key challenge. In 2012, the Center on Philanthropy became the first School of Philanthropy (SoP) in the United States. CoP leadership viewed the establishment of the school as a statement, testifying to the importance of the emerging field. IU’s SoP support by significant endowments provided strong symbolic power and leverage in university settings.	The Mandel Center’s initial growth and success is linked to its ability to place itself amid the field’s growth, playing a leadership role in field-building efforts. Lack of engagement on the part of the university throughout its history explains its unwillingness to continue supporting the center when foundation funding in the form of annual contributions stopped. Over the years, CWRU never made major investments in the Mandel Center, besides Mandel’s funds and standard items such as faculty time.	A university-wide restructuring following the consolidation of Georgia Southern University with Armstrong State University in January 2018 created a favorable environment for a new institutional evolution. The successful NASPAA accreditation following the review in 2016/17 also contributed to the department’s success as it provided peer-recognition of its graduate program.

Results

Case Studies Overview

Table 1 summarizes the three case studies complementing the survey. Two cases analyze nonprofit academic centers, the Center on Philanthropy (CoP) at Indiana University–Purdue University Indianapolis (IUPUI) and the Mandel Center for Nonprofit Organizations at Case Western Reserve University, that played a crucial role in the development of the NME field. By contrast, the Department of Public and Nonprofit Studies at Georgia Southern University, serves as a study of how an academic center evolved into a department. The case studies identify similar issues captured in the survey, focusing on the role of academic entrepreneurs in center founding, range of activities, funding sources, and organizational challenges in development. The information gathered through interviews and review of published material and websites are organized around the three themes identified in the theoretical framework.

The table highlights three major trends in the case studies. First, the demand for professionalization of nonprofit organizations motivated entrepreneurial forces to establish these centers (internal in the case of CoP and Georgia Southern University; external in the case of the Mandel Center). Interdisciplinarity and niche identities were crucial in the early phases in helping the new centers to distinguish themselves either within the discipline (philanthropic studies) or from adjacent disciplines (from management for the Mandel Center and from political science for Georgia Southern University). Second, external funding proved instrumental to centers both in terms of providing legitimacy and essential resources. Endowments created prestige and leverage (CoP), while annual contributions through grants and fees (Mandel Center) did not. Third, field-building aspirations drove the successes and supported the broad legitimacy of centers (CoP and Mandel Center), which could be further supported by external bodies and processes such as accreditation (Georgia Southern University).

Basic Characteristics of Academic Centers

The survey includes questions that capture nonprofit academic centers' basic characteristics. This information describes centers' scientific profile (referring to institutional location, faculty educational background, and disciplinary orientation) and support structure (referring to financial resources), indicating the sponsorship received from host universities.

Scientific Profile. Institutional location, staff's educational background, and disciplinary orientation indicate academic centers' diverse scientific profile.

As Table 2 shows, schools of public affairs/policy, of liberal arts/humanities, and of business/management house over half of surveyed centers, with public affairs/policy emerging as the most common institutional location (30%), this rate increases to 36% after manually checking all 55 centers in our list (including those not responding to the survey). Of note, the three institutional locations identified as schools of philanthropy are subunits of the Lilly Family School of Philanthropy (LFSOP). Comparing survey results with NACC membership data in 2019 and 2007 shows a decline of centers located in business schools and a clear centrality of public affairs schools, although NACC members appear more homogeneous than non-NACC members in terms of institutional location. Data on the educational background of center staff (survey question 4) confirms this scientific profile, with respondents identifying philanthropy/nonprofit (mean=2.83), public administration (mean=1.47), and business/management (mean=1.19) as the most common background.

While institutional location and educational background show a certain homogeneity, the field's diversity emerges in the centers' stated substantive focus.

Table 2. Institutional Location

College/School	Our survey ³	NACC Center 2019	2007 NACC Summary Report ^{1,2}
Policy/PA/Government	9 (30%)	7 (44%)	25 (54%)
Liberal Arts/Humanities	6 (20%)	5 (31%)	3 (6%)
Business/Management	4 (13%)	2 (12.5%)	15 (33%)
Philanthropy	3 (10%)	/	/
Professional/Continuing Education	3 (10%)	/	/
Human Sciences/Ecology	2 (7%)	/	/
Other ⁴	3 (10%)	2 (12.5%)	
Law	/	/	2 (4%)
Multidisciplinary	/	/	7 (15%)
No affiliation	/	/	3 (6%)

Source: (Weber & Brunt, 2021)

Notes: 1. Some centers fall under various categories, so the percentages do not add up to 100%. 2. NACC membership does not distinguish between centers and programs. 3. One respondent did not complete this survey question. 4. The ‘Other’ category includes social work, urban affairs, and leadership and education studies.

Table 3. Substantive Focus

Discipline	Academic Centers
Fundraising and Philanthropy	8 (26%)
Finance and Management Development	3 (10%)
Civil Society	2 (6%)
Public Policy and Advocacy	2 (6%)
Governance Matters	1 (3%)
International	1 (3%)
Other	14 (45%)

Table 3 shows the broad range of substantive foci, with fundraising and philanthropy emerging as a common focus (26%). However, subunits of the LFSOP again drive the centrality of philanthropy. Noteworthy is that almost half of respondents selected the ‘Other’ category (45%), which includes a focused interest on gender, diversity, and inclusion in philanthropy. The remaining responses were quite evenly distributed. The table highlights the heterogeneity and the search for disciplinary niches within the broader focus of nonprofit studies. Responses to the open-ended prompt “Please describe what features distinguish your centers from others” (survey question 21) confirm these results. Respondents place centers’ operations in the broader field of nonprofit management, identifying various distinguishing features, highlighting the comprehensive focus on research, teaching, and outreach, university structures (e.g., interdisciplinarity and community college), target audience (e.g., women philanthropy, African American giving, and international NGOs), or disciplinary focus (e.g., wealth management and finance).

Interdisciplinarity proves to be a double-edged sword for our case centers. The Mandel Center experienced tensions over access to faculty, disciplinary perspectives (who owns management), and senior faculty (to avoid tenure problems). Likewise, the precursor to the Department of Public and Nonprofit Studies was limited in its ability to acquire scarce resources in a multidisciplinary department and the CoP faced tenure related issues.

Support Structure

A few factors describe the level of support centers receive from universities. Financial resources and funding indicate the center’s size, and thus, university’s overall support.

Table 4. Budget Size

Budget Size (in USD)	Academic centers
<100,000	9 (30%)
100–500,000	11 (37%)
500,000 to 1 million	6 (20%)
>1 million	4 (13%)

Note: N=30; One academic center did not share budget information.

Table 5. Funding Sources

Funding Sources	Mean	# Times Ranked	Percentage Ranking
Foundation Grants	2.25	20	65%
University’s General Operating Budget	2.25	18	58%
Fees for Service	2.12	17	55%
Student Tuition and Fees	0.74	6	19%
Government (State or federal) Grants or Contracts	0.39	6	19%
Corporations and Banks	0.37	7	23%
Membership Fees	0.34	4	13%
Other	1.73	11	35%

Table 6. Governance and Reporting Lines

Institutional Governance	Academic centers
School Dean	20 (65%)
Department Chair	3 (9.7%)
Provost	1 (3%)
Other	7 (23%)

Surveyed centers vary in size, as measured by budget. Most centers fall in two budget categories: <100,000 and 100–500,000 USD (Table 4). Funding sources are varied (Table 5). The survey asked respondents to distribute 10 points among seven different options or to an unspecified ‘Other’ category. Overall, the main revenue streams for academic centers are university’s operating budget (58%), foundation grants (65%), and fees for services (55%). Concrete examples in the ‘Other’ category (mean=1.73) include endowments and individual gifts. The cases corroborate survey findings, demonstrating that external funding is instrumental both in terms of legitimizing programs and providing necessary financial resources. Endowments in particular proved to be a source of both legitimacy and stability as shown in the case of the CoP, which interviewees from the Mandel Center pointed to as an ideal model to annual grants.

Lastly, institutional governance (Table 6) points to academic centers’ centrality within university structures (survey question 11). Two-thirds of respondents (65%) report to a school/college dean, 10% to a department chair, and 3% to a provost. Respondents listed an Associate Dean and a College Dean under ‘Other’ (23%), confirming the centrality of the school/college in the governance structure.

Activities

The survey includes questions capturing academic centers’ activities, including target markets, and educational programs. Academic centers serve different geographic target markets, ranging from local to international, and a broad range of stakeholders. We ask respondents to

Table 7. Primary Stakeholders

Stakeholders	Mean	# Times Ranked	Percentage Ranking
NPOs	2.37	24	77%
Students	1.80	21	68%
Faculty	1.11	19	61%
Community Partners	1.03	19	61%
External Funders	0.98	16	52%
Alumni	0.61	15	48%
University Administration	0.66	13	42%
Government	0.51	10	32%

Table 8. Activities

Activities	Mean	# Times Ranked	Percentage Ranking
Organizational/Program Evaluation and Effectiveness	2.39	20	65%
Research on Problems Defined by Faculty	1.95	16	52%
Research on Externally Defined/Negotiated/Funded Problems	1.56	16	52%
Consultancy	1.47	18	58%
Policy Advice	0.27	7	23%
Other	2.78	8	26%

Note: N=31 for academic centers.

Table 9. Involvement in Educational Programs

Educational Program	% Offers Today
Practitioner-Oriented Trainings	76
Research Services to External Clients	55
Courses at Master’s Level	41
Technical Services to External Clients	39
Courses at Bachelor Level	36
Own Master’s Degree	22
Courses at PhD Level	22
Own Post-Doc Program	17
Own Bachelor’s Degree	12
Own PhD Degree/Program	12
Formal Program for Visiting Students	8
Formal Program for Researchers/Professors	8

Note: N=31 for academic centers.

distribute 10 points across five options. Overall, centers focus primarily on the local and regional markets.

Respondents identify primary stakeholders by distributing 10 points among eight options. Not surprisingly, Table 7 shows that centers consider nonprofit organizations (mean=2.37) and students (mean=1.8) as primary stakeholders. While they differ in terms of internal and external stakeholders, both are considered beneficiaries of the centers’ services, rather than part of an upward accountability (as, for example, university administration and external funders). The survey also includes the open-ended prompt, “Please describe the typical student of all your educational programs” (survey question 17), better informing our understanding of the relationships between the two primary stakeholders that respondents identify. Respondents often describe the typical student as nonprofit professionals with

experience in the field, although—when differentiating between undergraduate and graduate students—they note that undergraduate courses attract students from across disciplines.

Academic centers offer a quite diverse range of activities, combining research, education, and outreach, as shown in Tables 8 and 9.

Overall, respondents rank “program evaluation and effectiveness” as the most common activity (65%) when asked to distribute 10 points across six activity categories of program evaluation and effectiveness, research defined by faculty, research on externally defined problems, consultancy, policy advice and other (Table 8). The Other category (mean=2.78) captures includes leadership development, conferences and events, funding community briefings, and training programs among others. Respondents identify educational programs using a 3-point scale of “offers today,” “used to offer in the past,” and “never offered” (Table 9). Seventeen centers offer academic programming (at the undergraduate, graduate, or PhD level). However, in most cases, these centers offer courses rather than formal, degree-awarding programs, with 10 centers offering undergraduate courses (but only 3 formal programs), 12 centers offering master-level courses (but only 6 offering a formal program) and 6 centers offering PhD courses (but only 3 with a formal program). While educational offerings primarily target external clients through practice-oriented trainings (76%), research services (55%) and technical services (39%), responses show that centers also provide traditional academic courses at both the undergraduate and graduate level (although they frequently offer full degree programs).

Establishment and Challenges

A range of factors contribute to the establishment of academic centers. We ask respondents to rank eight factors, as listed in Table 10, driving the establishment of academic centers using a 3-point scale of “not important,” “moderately important,” and “very important.”

Overall, respondents identify academic entrepreneurs as driving forces in centers’ development: 87% of academic centers rank this as “very important.” Community also plays a significant role in center development with 54% of academic centers identifying external stakeholders as significant motivators of center development. It is noteworthy that a third of respondents identify the need for new academic knowledge and external funders as important for developing academic centers. When asked to “identify individuals that may have led to development of academic/nonacademic centers” (question 6), respondents identify both internal and external individuals, including donors, community leaders, faculty, and administrators. Our cases highlight the centrality of leadership and entrepreneurial initiative, whether of academic entrepreneurs (the leadership team of the CoP and LFSOF showed stability in its continuity) or donors (Morton Mandel in the case of the Mandel Center).

Academic centers require support from various stakeholders. Table 11 highlights factors that supported (or hindered) centers’ establishment and development.

Table 11 presents respondents’ perspectives on factors influencing centers’ development using a 3-point scale of “disagree,” “neutral,” and “agree.” The results suggest that the support of university leadership (84%) and external funding (81%) is crucial. We also ask participants about current challenges, using a 5-point scale from “strongly disagree” to “strongly agree.” Ninety percent of respondents view securing long-term funding as a key challenge. Securing unrestricted funding and work (67%), gaining university leadership support (37%), and solving internal communication/collaboration problems (36%) also emerge as key priorities.

Table 10. Key Reasons for the Establishment of the Academic Center

Factor	Very Important	Mean	N
Initiative of One or Few Key Individuals	87%	2.83	30
Initiative/Demand from Community and/or Local Nonprofit Sector	54%	2.36	28
Need for New Academic Knowledge	34%	2.17	29
Initiative/Demand from External Funders	34%	1.97	29
Initiative/Demand from Students	29%	1.89	28
Creation of New Academic Teaching Program	29%	1.82	28
Need for Cross-Disciplinary Work	24%	2.00	29
Initiative/Demand from Policy Makers	11%	1.36	28

Table 11. Barriers and Support

Statement	Percentage	Mean	N
Support from the University Leadership Our Unit Would Not Have Developed Without	84%	2.77	31
Support from External Funders	81%	2.68	31
Other Research Units at the Same University Have Been Supportive	32%	2.06	31
We Have Been Met with Strong Skepticism from Many Disciplinary Academic Departments	13%	1.58	31
It Has Been Difficult For Us to Find Partners	0%	1.13	31

Discussion: An Evolutionary Explanation

The survey and interviews contribute to our understanding of nonprofit academic centers’ role in institutionalizing NPS. The findings shed light on the factors contributing to or hindering the development of nonprofit academic centers and NPS’s institutionalization. Drawing on the above results and interviews, we emphasize centers’ roles in facilitating NPS’s evolution through the stages of differentiation, mobilization, and legitimization.

Differentiation

We find two dimensions in the process of differentiations, the founding of academic centers and the search for niches. Our study identifies both endogenous and exogenous factors in the founding of nonprofit academic centers. Both the findings and our interviews point to faculty entrepreneurs’ role in establishing nonprofit academic centers, shifting the focus to endogenous dynamics that complement studies linking academic change to external dynamics (O’Neill, 2005; Weber & Witkowski, 2016). Scholarship shows that academic entrepreneurs respond to needs, mobilize resources (human and financial), and seize opportunities within and outside academia (Aldrich, 2012; Clausen et al., 2012; Larson & Barnes, 2001). However, the centrality of individuals in the founding of nonprofit academic centers reveals a fragility typical of new fields. Nonprofit academic centers are often identified with their founding directors, raising questions over center sustainability should faculty entrepreneurs leave. While our survey focuses on academic centers that are currently active, the interviews capture centers that either faltered or changed institutional form. These cases illustrate that a center’s long-term success depends on preserving continuity in experience, connections, and entrepreneurial drive.

The ability to act upon broader contextual factors reveals entrepreneurial spirit, particularly in the case of exogenous factors that create a favorable environment for entrepreneurs to act. The theoretical literature identifies practical relevance as a key factor for the emergence of new academic fields (Frickel & Gross, 2005; Hambrick & Chen, 2008). In the 1980s,

transformations within the sector and demands for a more professionalized nonprofit workforce combined as a legitimizing factor that encouraged academic entrepreneurs to establish a center. Survey data and interviews with leadership of the CoP and the Mandel Center find that community needs played both a reactive and a proactive role in establishing nonprofit academic centers. Originating in Cleveland's philanthropic community, the Mandel Center was philanthropist Morton Mandel's response to the need for a more professional nonprofit sector (D. Young, interview, March 27, 2020). Academia's response to demands from practice was to create academic centers, paralleling established theoretical models (Frickel & Gross, 2005; Hambrick & Chen, 2008).

We find an orientation toward specific niche identities, responding to a differentiation from both adjacent disciplines and within NPS itself. This process reflects the field's heterogeneity, innovation, and differentiation. Organizational identity here refers to what is distinctive about an organization and is built at the intersection between internal and external stakeholders (Gioia et al., 2013). Organizational identity defines how centers view themselves and how they are being seen. 'Optimal distinctiveness' is an identity that is both distinctive from, and similar to, that of peers (Brewer, 1991). In contrast to other centers, for instance, the CoP identified its niche in 'philanthropic studies' rather than 'nonprofit management,' emphasizing the interdisciplinary study of philanthropic practices in American society, and intertwining advocacy and applied research. Likewise, the 'Other' category shows the segmentation of philanthropic focus on gender, diversity and inclusion (Dale, 2016). This programmatic focus, while setting the CoP apart in a growing academic field, created challenges. Our analysis shows a shift from earlier efforts to differentiate NPS from adjacent disciplines such as public administration and management (see the "best place debate" in Mirabella & Wish, 2000), to later efforts to differentiate within NPS while maintaining an overall field distinctiveness. In part, institutional location influences this shift, giving greater freedom to programs housed in interdisciplinary colleges less dependent on disciplinary traditions and accreditation standards that might curb innovation. Comparing our data with NACC membership finds that centers/programs in the NACC orbit share similarities, giving credit to concerns with the isomorphic impact of guidelines and accreditation process (Mirabella & Eikenberry, 2017). The heterogeneity of substantive foci points to the effort of centers to carve out a space in an increasingly crowded field.

Academic centers' institutional location and substantive foci serve as proxies for this process of differentiation (see also Mirabella et al., 2019). As organizational forms, academic centers escape the disciplinary boundaries of traditional academic structures. While public administration remains a common institutional home, substantial foci points to greater diversification and a lesser centrality of business schools. In the case of the Mandel Center, disciplinary tensions emerged over the naming of the new nonprofit master's program, with the School of Management claiming ownership of the "management" label, resisting its use in the name of the new proposed master's degree which eventually was named Master in Nonprofit Organizations (D. Young, interview, March 27, 2020). The Mandel Center's decision to offer a Masters of Nonprofit Organizations rather than in nonprofit management points to a need to clarify NPS's disciplinary boundaries. The concept of 'optimal distinctiveness' (Brewer, 1991) captures NPS's efforts to differentiate itself while maintaining a common core focused on social practices and described by concepts such as philanthropy, nonprofit, and civil society.

Mobilization

Academic centers' greater autonomy, both in budgetary and governance terms, positions them to support resource mobilization. Survey responses point to centers' critical role in attracting external funding and building interdisciplinary faculty groups around a commonality of research interests and activities. With university support, centers assume positions within

academic structures that provide academic credibility to and spearhead the establishment of NPS within academia.

Findings show that centers rely on various funding sources, including internal funds (budgetary support from the university), external sources (grants), and fees for services that bridge external and internal dimensions. Our interviews substantiate the importance of external funding, in line with the earlier findings of Larson and Long (2000). Academic centers are particularly receptive to the interest of donors because they function outside the disciplinary agendas that drive research efforts in traditional academic departments (Geiger, 1990). Indeed, the emphasis on professional education and practical knowledge aligned the CoP with the programmatic initiatives of external funders, such as the Lilly Endowment, Inc. and the W. K. Kellogg Foundation (Tempel, 2001, p. 28). The Mandel Foundation supported the Mandel Center through a small endowment (covering the salary of the executive director and two student scholarships) and regular, annual contributions ('evergreen grants') that covered most of the center's budget (D. Young, interview, March 27, 2020; J. Smith, interview, February 13, 2020). Centers must find a delicate equilibrium between internal funding from university budgets and external funding for institutionalization, raising questions of center autonomy. Young (1998) predicted that nonprofit academic centers would integrate in traditional academic structures, a development that Mirabella et al. (2019) view as a loss of disciplinary autonomy.

Interviews suggest that external funding legitimized centers, indicating both the interest of donors in an emerging discipline and strengthening the center's position within the university. Interestingly, however, interviews illustrate the differing impacts of funding types, clarifying the role of endowments included in the 'Others' category. Building an endowment was a central strategy in ensuring the CoP's long-term financial sustainability and in strengthening its position internally. In higher education's fluid context, a school with sizable endowments can weather changes driven by external forces, signaling a strong symbolic power in university settings (P. Rooney, interview, February 15, 2020).

Although the Mandel Center received generous philanthropic support over the course of its existence, these philanthropic relationships created various challenges (J. Smith, interview, February 13, 2020). The Mandel Foundation's annual grants covered most of the center's budget but lacked endowments' symbolic power which could provide greater leverage in the face of administrative challenges. Philanthropic entities such as the Cleveland Foundation and Gund Foundation limited their support to specific projects that aligned with their missions because of Mandel Foundation's dominant role in the establishment and development of the center (D. Young, interview, March 27, 2020). In addition, the prestige of philanthropic entities involved with the Mandel Center created tension with university administration that tried to control access to major external funders. Interviewees referred to endowment grants as crucial in creating prestige for centers in ways that were not possible through annual contributions.

University support in political and financial forms is a key theme emerging in survey responses and case study interviews. A closeness to higher levels of decision-making power indicates the centrality of the academic center's mission within the university (Larson & Long, 2000). Champions within university administration support the survival of the center competing with other academic units for resources. Centers typically report to the leadership of schools (deans or associate deans), providing centers with greater participation in university governance and autonomy from the more disciplinary focused departments. At Georgia Southern University for instance, the close connection with the outgoing provost favored a structural reorganization that strengthened the position of the Institute within institutional governance (T. Davis, personal correspondence, April 20, 2020).

Scholars typically consider NPS an interdisciplinary field as it synthesizes multiple disciplinary approaches to a specific social phenomena, actors, and practices into a flexible approach (e.g., Burlingame, 2009). This interdisciplinarity has organizational and institutional implications. Nonprofit academic centers' institutional location in-between discipline-centered departments and colleges encourages the formation of interdisciplinary faculty groups and, as in the case of the Mandel Center, development of an academic program without the constraints of existing academic frameworks. Organizationally, it provides a measure of autonomy, free from the limitations of disciplinary silos. This position in-between disciplinary-based governance structures, however, also challenges these centers leading to conflicts over the allocation of financial and human resources, as well as the development of academic reward systems (primarily tenure and promotion criteria).

Legitimization

The exponential growth of NPS at both the graduate and undergraduate level over the past three decades (e.g., Mirabella et al., 2019) and the incorporation of nonprofit content in public administration and management programs (Saidel & Smith, 2015; Worsham, 2012) points to the increasing acceptance within established academic disciplines of NPS as a legitimate field of scientific enquiry. These trends are reflected in survey responses focusing on institutional location, disciplinary orientation and center activities. Interviews add depth to survey findings.

The proliferation of NPS programs signals a greater legitimacy of the field (Larson & Long, 2000). At a minimum, this is considered an acceptance of nonprofit studies as a legitimate field of scientific inquiry (academic credibility) and, at most, the establishment of an independent academic discipline (legitimacy). Survey responses testify to the role of academic centers in offering educational offerings, targeting both internal audiences through traditional academic programs and external audiences through workshops and practitioner trainings. This duality in stakeholders and programs expresses the nature of academic centers, strategically positioned to connect academic communities with communities of practice (Prentice & Brudney, 2018). The rationale for academic centers lies in their ability to bridge the practice-academia divide better than discipline-bound departments. The centrality of academic centers in the history of NPS is thus not surprising as the field's legitimization lies in the need to carve out a space for specialized nonprofit management in reaction to the practical needs of nonprofit professionals. The evolution of the field, with a slow replacement of centers by academic programs, as for example seen in NACC membership trends (Weber & Brunt, 2021), testifies to the field's growing academic credibility. Legitimacy, however, derives from emulating established disciplines (Hambrick & Chen, 2008). The cases of IUPUI's CoP and the Mandel Center demonstrate the importance for academic entrepreneurs of positioning center development against the backdrop of an emerging scientific field.

Entrepreneurial efforts reflect field-building aspirations, which in turn prove mutually reinforcing and legitimizing their entrepreneurial activities. Interviewees consistently emphasize that aligning center initiatives with the broader academic field strengthens their positions within host universities. The CoP pursued clear field-building aspirations becoming a reference point and source of expertise for both academic centers and external funders. Likewise, both Dennis Young (interview, March 27, 2020) and John Palmer Smith (interview, February 13, 2020) link the Mandel Center's initial success to a broadening of the mission beyond professional education in the context of the emergence of a new academic field. NPS's emergence as a distinctive field and external funders' substantial investments provides both internal legitimacy and networking opportunities thereby countering inevitable skepticism about a new discipline that initially lacked academic credibility and supporting the development of new nonprofit academic centers (Larson & Long, 2000). The prestige from nation-wide networks supports academic entrepreneurs in seeking internal support, thus leveraging external recognition for a mobilization of internal resources.

Institutional location and disciplinary orientation are traditionally proxies in assessing NPS program identity. Indeed, institutional location informs course development, shaping curricula and highlighting the influence of adjacent disciplines (Mirabella & Wish, 2000; Young, 1999). Survey findings show that, while institutional location remains to a certain degree heterogeneous, most nonprofit academic centers are in schools of public affairs, which emerge as the dominant institutional location with the decline of business schools. This trend is consistent with developments at the level of academic programs (Mirabella et al., 2019). From an evolutionary perspective, emerging disciplines initially emphasize intersection with multiple adjacent disciplines to avoid being perceived as a threat and over time loosen these ties to establish independent, disciplinary autonomy (Hambrick & Chen, 2008). This development shows either a successful institutionalization, as advocated by some leading scholars in the field, or an incorporation of nonprofit courses in traditional academic structures, primarily in schools of public affairs.

The evolution of the CoP is the story of successful institutionalization, as integrating philanthropic studies into the regular academic structures signals the need to institutionalize the field and serve as a model for similar endeavors in other institutions of higher learning (P. Rooney, personal communication, February 15, 2020). By contrast, the case of public and nonprofit studies at Georgia Southern University exemplifies a different trajectory. Initially located in the interdisciplinary Department of Political Science and Criminal Justice within the College of Liberal Arts and Social Sciences, the program evolved into the Institute for Public and Nonprofit Studies, an organizational form granting greater autonomy vis a vis the dominant political sciences, and eventually completed its evolution by becoming the Department of Public and Nonprofit Studies (T. Davis, personal correspondence, April 20, 2020). This process of institutionalization is centered on an integration of nonprofit studies into a traditional public affairs program in the context of the latter's search for autonomy from political sciences.

The pursuit of academic credibility, however, risks undermining the full institutionalization of NPS as a distinct academic discipline. While academic credibility relies on the integration of nonprofit content in established academic structures, NPS's disciplinary legitimacy is rooted in the broader relevance to practice, outside of institutional boundaries, that is, the need to develop a nonprofit management that is clearly distinctive from public and private management. Nonprofit academic centers contribute to this process by building bridges between academia and practice that foster external relationships, thereby signaling the field's legitimacy to stakeholders.

Conclusion

Drawing on a survey of current nonprofit academic centers and interviews, we find that nonprofit academic centers vary in size and activities, offering services to local and regional nonprofit communities. Endogenous and exogenous factors drove these centers' emergence, as academic entrepreneurs led academe's response to the need for a greater professionalization of nonprofit management, thereby carving out spaces for NPS as a distinct academic field, adjacent to public administration and business management. The interaction of interdisciplinarity, internal and external funding, and institutional support against the broader background of a nationwide momentum in field-building efforts supported the successful development of these centers.

We apply the theoretical framework of socio-scientific movements to understand nonprofit academic centers' role in NPS's evolution into a distinct academic field. Academic centers facilitate the differentiation and mobilization of NPS by leveraging resources and providing interdisciplinary faculty groups with spaces of micro-socialization outside the established fora of adjacent academic fields. In discussing centers' role in NPS's legitimization, we distinguish

between academic credibility and broader disciplinary legitimization as separate academic disciplines. Nonprofit academic centers' incorporation into traditional academic structures highlights NPS's growing academic credibility but also signals a loss of institutional autonomy.

We conclude with recommendations to strengthen academic centers' role in supporting NPS's full institutionalization as a distinctive academic field.

1. *Direct reporting lines to university decision-making authorities.* Academic centers' centrality in universities' governance structures guarantees the center's independence. Centers are typically positioned outside academic departments reporting to deans. In line with earlier studies (Larson & Long, 2000), the case studies suggest that a closeness to decision-making authority strengthens academic centers' position.
2. *Interdisciplinary academic centers as tenure homes.* As Larson and Barnes (2001) suggest, centers' academic credibility relates to the ability to meet faculty and disciplinary expectations. Faculty reward systems are crucial for the institutionalization of new field. The role of centers in this process appears to be limited by faculty tenured outside the center through processes that do not always reward interdisciplinary nonprofit research.
3. *Cultivation of new leadership.* The close identification between successful academic centers and founding directors raises the key issue of succession and guarantees of a successful leadership transition. Academic programs and professional organizations devote significant resources to cultivating new generations of scholars in NPS. As the founding generation of academic entrepreneurs retires, the importance of leadership transition is paramount for the growth of NPS.
4. *Strategic pursuit of endowment grants.* A strategic focus on multiple, differentiated funding sources can support centers' long-term sustainability. While leadership turnover is inevitable, both at the level of academic entrepreneurs and university leadership, endowments guarantee continuity across leadership change while providing significant internal prestige.

Nonprofit academic centers integrate NPS into traditional academic settings and, as this study has shown, highlight nonprofit academic centers' roles in differentiating, mobilizing, and legitimizing NPS in higher education. This study is a first step in assessing centers' contributions to NPS' institutionalization. Academic centers are sources of innovation in academic settings by facilitating emerging disciplines' disciplinary differentiation, resource mobilization, and academic legitimization. Nonprofit academic centers' long-term sustainability is crucial to full NPS's institutionalization in academia's ever-changing environment, where decreasing state allocations and career readiness debates open a receptive context for NPS to flourish.

Notes

1. The current terminology describing the diverse programs in this area is not fully satisfying. For simplicity and in alignment with the more recent publications in the specialized journals, we adopt NPS as a shorthand to capture the broad field, ranging from the more practical and applied training of current and prospective nonprofit managers to the broader study of history, ethics, tradition, and practice of philanthropy and nonprofit organizations. At times, we will opt for NME when the emphasis on managerial education and training more precisely describes stages in the evolution of these programs and centers.
2. Three of the 25 identified NACC members are subunits of the Lilly Family School of Philanthropy (LFSOP).
3. We decided to integrate the survey tools used in these two studies for two main reasons. First, Young and Chapman (2006) conduct a survey of NACC members at a time when most NACC members were academic centers. These questions are specific to nonprofit

academic centers and open opportunities for comparison between 2006 and 2021. Second, Clausen et al. (2012) used a survey to assess the role of academic centers in the institutionalization of innovation studies. In approach the study is therefore similar to ours, although in a different field of knowledge.

4. We reference to the Center for Philanthropy (CoP) at IUPUI when describing activities and aspirations characterizing the center before developing into the Lilly Family School of Philanthropy (LFSOP) in 2012.

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Appendix A. Academic Institutes and Centers Devoted to the Nonprofit Sector, Philanthropy, and Civil Society

1. Axelson Center for Nonprofit Management (North Park University) (NACC)
2. Cary Center for the Advancement of Philanthropy and Nonprofit Studies (Auburn University) (NACC)
3. Center for Civil Society (Johns Hopkins University)
4. The Center for Community and Nonprofit Studies (University of Wisconsin – Madison)
5. Center for Community Research & Service (University of Delaware) (NACC)
6. Center for High Impact Philanthropy (University of Pennsylvania)
7. Center for Philanthropy (La Sierra University)
8. Center for Philanthropy and Civil Society (Stanford University)
9. Center for Nonprofit and NGO Studies (Northern Illinois University) (NACC)
10. Center for Nonprofit Leadership (Youngstown University)
11. Center for Nonprofit Management (University of St. Thomas) (NACC)
12. Center for Nonprofit Management, Philanthropy, and Policy (George Mason University) (NACC)
13. Center for Nonprofit Strategy and Management (Baruch College) (NACC)
14. Center for Nonprofits and Philanthropy (Texas A&M University) (NACC)
15. Center for Philanthropy & Nonprofit Leadership (Rice University)
16. Center for Public & Nonprofit Leadership (Georgetown University)
17. Center for Public and Nonprofit Management (Cleveland State University) (NACC)
18. Center for Strategic Philanthropy and Civil Society (Duke University)

19. Center for the Study of Philanthropy and Voluntarism (Duke University)
20. Center for Student Philanthropy (University of Kentucky)
21. Center on Philanthropy and Civil Society (City University of New York)
22. Center on Philanthropy & Public Policy (University of Southern California) (NACC)
23. Center on Wealth and Philanthropy (Boston College)
24. Do good Institute (University of Maryland) (NACC)
25. Dorothy A. Johnson Center for Philanthropy (Grand Valley State University) (NACC)
26. Edyth Bush Institute for Philanthropy & Nonprofit Leadership (Rollins College)
27. Helen Bader Institute (HBI) for Nonprofit Management (University of Wisconsin – Milwaukee) (NACC)
28. Institute of Nonprofit Leadership and Community Development (University at Albany, State University of New York)
29. Institute for Nonprofits (North Carolina State University) (NACC)
30. Institute for Nonprofit Administration and Research (Louisiana State University at Shreveport) (NACC)
31. Institute for Nonprofit Education and Research (University of San Diego) (NACC)
32. Institute for Nonprofit Organizations (University of Georgia)
33. Institute for Philanthropy and Nonprofit Leadership (University of Memphis) (NACC)
34. Institute on Philanthropy (University of Richmond) (NACC)
35. La Salle Nonprofit Center (La Salle University)
36. Lake Institute on Faith & Giving (IUPUI) (subunit of the LFSOF, which is a NACC member)
37. Larned A. Waterman Iowa Nonprofit Resource Center (University of Iowa)
38. Lodestar Center for Philanthropy and Nonprofit Innovation (Arizona State University) (NACC)
39. Mays Family Institute on Diverse Philanthropy (IUPUI) (subunit of the LFSOF, which is a NACC member)
40. Midwest Center for Nonprofit Leadership (University of Missouri-Kansas City) (NACC)
41. Nancy Bell Evans Center on Nonprofits & Philanthropy (University of Washington)
42. National Center on Philanthropy and the Law (New York University) (NACC)
43. Nonprofit Academic Centers Council (Texas A&M University)
44. Nonprofit Executive Leadership Institute (Bryn Mawr College)
45. Nonprofit Institute (College of Southern Maryland)
46. Nonprofit Sector Resource Institute (Seton Hall University) (NACC)
47. Public and Nonprofit Leadership Center (University of Minnesota)
48. RGK Center for Philanthropy & Community Service (University of Texas at Austin) (NACC)
49. Sillerman Center for the Advancement of Philanthropy (Brandeis University)
50. The Bayer Center for Nonprofit Management (Robert Morris University)
51. The Center for Nonprofit Management (Stonehill College)
52. The Center for Nonprofit Management and Leadership (Midwestern State University)
53. The Nonprofit Institute (Portland State University)
54. Valdry Center for Community Philanthropy (Southern University)
55. Women's Philanthropy Institute (IUPUI) (subunit of the LFSOF, which is a NACC member)

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Presidential Management and Budgeting from War to Peace: Truman's First Budget Director, Harold D. Smith, 1945–1946

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This article provides a glimpse into cutback management long before the term came into use. The end of World War II was a major transitional stage in public administration, including demobilization, abolishing wartime agencies, and cutting military spending. It also included the need for novel governmental structures to deal with new subjects emanating from the war, including how to govern atomic energy, how to administer science research, merging the military services, and a policymaking structure to implement the goal of full employment. As Truman's budget director and de facto manager-in-chief of the executive branch, Harold D. Smith was at the crossroads of practically everything from April 1945 to June 1946. What did he do and how did it do it?

Keywords: US Bureau of the Budget, Harold D. Smith, President Harry Truman, Cutback Management, Reorganization

Introduction

Harold D. Smith, FDR's director of the Bureau of the Budget (BOB), had been a major figure in Roosevelt's presidency. Beginning in 1939, when Roosevelt dubbed him the "Great Reorganizer," he drafted the executive order creating the Executive Office of the President, strengthened BOB, brought some order to Roosevelt's ad hoc governing style, and, during WWII, was the de facto manager-in-chief of the executive branch. He also was a co-founder of the American Society for Public Administration (ASPA) in 1939 and served as its second president, establishing the precedent that the society's presidency would alternate between academics and practitioners (Lee 2021).

Historians have given Smith his due regarding his FDR years but much less to his work with President Truman. In their retrospective on BOB (after 1970, the Office of Management and Budget [OMB]), Dickinson and Rudalevige described Smith's tenure as inaugurating "the Golden Age" of the agency (2004-05; 2007). Positive appraisals of Smith's overall record began shortly after his death (Appleby 1947; Brownlow 1947) and continued into the '80s and '90s (Mosher 1984; Tomkin 1998). Literature in this century has similarly complimented Smith's service (Burke 2000; Pfiffner 2020). However, Smith's specific record under President Truman (April 1945–June 1946) has received little attention, being largely overshadowed by his successor, James Webb (later head of NASA in the 1960s). This recounting seeks to add this largely missing component to the public administration's historical literature. The research methodology is to reconstruct history based largely on

original and primary sources: archival collections, contemporaneous government documents and official papers, contemporaneous media coverage, unedited diaries, and memoirs.

April 1945

Before FDR's death on April 12, Smith had had only minor contacts with Senator Truman and none during Truman's brief vice-presidency. He testified before Truman's Special Committee Investigating the National Defense Program on an expensive military oil pipeline and refinery (Senate 1943). When the Senate debated a budget request from BOB in late 1943, Truman argued against Senator Kenneth McKellar's (D-TN) fierce effort to cut BOB's funding and to weaken its role. Shocked by FDR's death, Smith quickly pivoted and offered Truman to stay or leave, whatever the president's pleasure (Smith Papers: 4/13/45, 7:4).¹ Truman asked him to stay (Truman 1955, 58; 4/18/45, 6:3). They had their first meeting six days after Truman became president. Smith was all business. There were decisions to make. Some required reports to Congress about revising budget estimates based on war developments. Giving political advice, Smith said that, if he made those reports as informal information to Congress, they might be misconstrued as "interpretations about the President's attitude on the war which would not be justified." Perhaps it was best for Smith to formulate the reports as official presidential communications to Congress and for Truman to discuss them first with the two military secretaries. Truman said he would. Smith also wanted input from Army Chief of Staff George Marshall. Truman approved, saying, "Why don't you do that" (4/18/45, 6:3).

After that, Smith met frequently with Truman. From April through October (when they began meeting on the FY 1947 budget), they met 21 times. Smith was seeing Truman about once a week when he was in town. By the end of the year, Smith told Interior Secretary Ickes he thought the president was "a straightforward, honest man who wants to do his best for the country" (Ickes 1978, 10164). When Smith sought to bring back Paul Appleby as assistant director, he carefully checked with the president, in part because the new administration seemed to tilt to patronage appointments. Truman spoke well of Appleby, who he had dealt with when Appleby was USDA's deputy secretary (8/18/45, 6:3). Truman's approval also confirmed that the new president supported Smith's vision of BOB as a neutral and expertise-based institutional service to the presidency (4/26/45, 6:3).

With the end of the war in Europe in sight (VE-Day was May 8), management and organizational matters facing Smith were like running a film backward. Now he had to deconstruct the structure he had helped FDR build. Yet, the issue was more complicated than merely undoing the war machine. First, the war was not yet over. Second, the demobilization of the military, civilian agencies, and the industrial sector could not be done instantaneously. Gradual demobilization was needed to prevent mass unemployment, economic contraction, social dislocation, and hyperinflation when deferred consumer needs began chasing too few goods. In addition, the conservative coalition on Capitol Hill, long a critic of FDR's management of the war effort, was primed to criticize the demobilization for not moving fast enough. At their second meeting, Smith flagged for the president that some "Congressional committees were already taking some steps" regarding postwar policies and cutting federal spending, even though Smith was "so uncertain of these reductions that we are not prepared to propose them now" (4/26/45, 6:3). Nonetheless, Smith recognized the importance of the president being proactive.

Dismembering the War Machine: A Torrent of Executive Orders

Truman could reorganize the federal government based on the authority delegated to a president by the 1941-42 War Powers Acts, which would stay in effect until six months after the end of hostilities. But Truman was eager to show the public that he would dismember the

war agencies as quickly as possible, and executive orders were the fastest way to achieve this. He set up a committee to give him consensus recommendations. Called the “Big Three,” its members were John Snyder, head of the Office of War Mobilization and Reconversion (OWMR), Counselor Sam Rosenman (longtime FDR speechwriter), and Smith. A week after becoming president, Truman asked Smith for an executive order to transfer the Office of Surplus Property from Treasury to Commerce. Smith was suspicious of Treasury Secretary Morgenthau’s motive for agreeing to this given his consistent record of protecting his bureaucratic turf. Smith wondered if perhaps Morgenthau knew of some mismanagement (or even criminal behavior) and that he wanted to unload it before any scandal broke. However, Henry Wallace, the new commerce secretary (and Truman’s predecessor as vice president), was eager to energize his sleepy department with some war-related roles (4/17/45, 9:2). Truman signed it (Executive Order [EO] 9541). After Germany’s surrender, Truman was eager to keep going. He terminated the Office of Civilian Defense (EO 9562) and the War Food Administration (6/5/45, 6:3; EO 9577). He also signed a long-delayed plan to militarize the doctors in the Public Health Service. In mid-1944, Smith submitted a draft of an executive order to FDR to do this. However, there was intense last-minute lobbying against it, and FDR decided not to act, his typical political and managerial inclination (5/11, 6/7-8, 6/22-23, 6/30/44, 8:2). By now, Smith was convinced it was a bad idea and tried to persuade Truman not to sign it (6/12/45, 7:4). Truman rejected Smith’s advice and signed it anyway (EO 9575).

Japan’s surrender (VJ-Day was August 15) opened the door to expedite razing the war structure. In rapid succession, Smith prepared, and the president signed, orders terminating the Office of War Information (8/27-30/45, 9:2; EO 9608); War Refugee Board (EO 9614); War Manpower Commission (9/18-19/45, 6:3; 9/18/45, 9:2; EO 9617); Office of Economic Stabilization, which was folded into OWMR (9/18-20/45: 6:3 & 9:2; EO 9620); Office of Strategic Services (OSS) (9/20/45: 6:3 & 9:2; EO 9621); Foreign Economic Administration (EO 9630); Office of Censorship (EO 9631); Office of Fishery Coordination (EO 9649); and Small War Plants Corporation (10/22 & 30/45, 9:2; EO 9665). In a lighthearted sense, these actions were the last time in recent history to contradict Reagan’s famous quote that “The closest thing to eternal life...is a government program.”

In many cases, Smith became the target of lobbying by those who would lose power. For example, OSS head Donovan fiercely opposed ending his agency. In a meeting with Donald Stone, the BOB official in charge of organization and management, Donovan “blew up a great storm” in stating his case (9/13/45, 9:2). Nonetheless, Truman decided to proceed. He told Smith quite vehemently that he opposed the building up of what he called a “gestapo” of the intelligence and counter-intelligence wartime agencies (5/4 & 11/45, 12/11/45, 6:3). Some of those affected by these orders tried to fight it out in public—but anonymously. For example, a news story claimed that “some high administration officials doubt the wisdom of President Truman’s executive orders, which strip independent war agencies of their functions, and then shift the skeletons to established departments” (Wright 1945). Absent from the story were any named sources, indicating the strategic purpose of the leak.

Other executive orders kept agencies alive but shifted their mission to postwar reconversion. Truman renamed the War Production Board (WPB) as the Civilian Production Administration (EO 9638) and National War Labor Board to National Wage Stabilization Board (EO 9672). He also transferred the Coast Guard back to the Treasury (EO 9666). However, not yielding congressional racists, Truman extended the Fair Employment Practice Committee (EO 9664). By the beginning of 1946, Truman was even more eager to deconstruct the rest of the wartime government as quickly as possible. In part, this reflected public opinion of wanting to return to normalcy. Smith quickly prepared executive orders for Truman’s signature, utilizing, in part, the president’s war powers that would expire in March. Razing the wartime government included transferring some WPB functions to Commerce (EO 9673), placing the Director of Liquidation within the Office for Emergency Management (EO 9674), abolishing the US Typhus Commission (EO 9680), creating a housing expediter to quicken new home

construction for returning vets (1/11-18/46, 10:2; EO 9686), reorganizing war surplus disposal (EO 9689), abolishing corporations created by Rockefeller's Latin American office (3/21 & 29/46, 10:2; EO 9710), terminating the Petroleum Administration for War (4/25/46, 10:2; EO 9718), and closing the War Relief Control Board (3/28/46, 10:2; EO 9723).

Not all executive orders went according to plan, however. When Truman signed the executive order abolishing OSS, he had not solved the rivalries between the legacy agencies involved in intelligence, including the State Department, Army, Navy, and FBI. The bureaucratic turf warfare came to a head in early 1946. Smith, almost accidentally, discovered a draft executive order reorganizing intelligence on the president's desk, which had been snuck into the White House, bypassing Smith. It reflected the preferences of the military (Truman 1956, 57). Smith quickly called Truman's secretary and asked that the president not sign it until Smith could discuss it with him (1/8/46, 10:2). Smith told Truman that intelligence was overfunded, "with people falling all over themselves" (1/9/46, 7:3). He asked for more time to analyze the draft. Rosenman pointedly asked Smith (in front of Truman) if Smith wanted more time to study the budgeting aspect of the executive order. No, said Smith; he wanted to review "the intelligence aspects of it" (Truman 1956, 57). Smith noted that the draft ignored the problem of organization, much more than merely "a little matter of administration." Rather, structure was "the key to the problem in question, and whether or not it is properly handled makes the difference between success and failure in solving the problem." Bureaucratic compromises rarely resolved a problem, he felt. Instead, they usually protected the self-interest and rent-seeking of the agencies involved. For example, Smith felt "there did not seem to be even a clear understanding of what kind of intelligence was being discussed" (1/9/46, 7:3). Truman, impatient, agreed to a delay—but only briefly.

A few days later, Smith attended another meeting at the White House to move the issue forward (1/12/46, 10:2). It became public when one of the agencies leaked information about the conflict to columnist Drew Pearson. Probably coming from the military, it pointedly depicted the state's intelligence director and Smith as the heavies who were blocking the resolution (Pearson 1946). Smith was discouraged by these developments, telling an ally, "the proposed solution was bad" but that "he can do very little at this point" (1/14/46, 10:2). He apologized to Truman "about the way I had tackled the subject" but insisted that he was "being objective and impersonal" in his concerns. Truman generously replied no apology was necessary and that the final order "will be a lot better as a result of the argument" (1/21/46, 7:3). Truman eventually signed a directive (rather than an executive order) to circumvent potential legal challenges because executive orders could not supersede laws. The compromise created a National Intelligence Authority, a director of Central Intelligence, and Central Intelligence Group to coordinate the army, navy, and state (Truman 1962, 88-89).

Another proposed executive order reorganizing the Army and War Department largely came to naught (5/3/46, 10:2). Outgoing Secretary Stimson had submitted it to Truman for signature but, after talking to Stone, agreed to let Smith notify the president's secretary not to sign it—at least temporarily (4/11/45, 10:2). Smith lunched with General Eisenhower (now Army Chief of Staff) and incoming secretary Robert Patterson and told them many of the elements of the draft could be accomplished by the secretary on his own. Truman was "pleased" that most of what Eisenhower wanted could be accomplished in "an unostentatious manner." Eisenhower had personally lobbied Truman to sign the executive order when Truman invited him for an evening cruise on the president's boat (4/29/46, 7:3). Truman was very solicitous of Eisenhower, fully aware of the general's hero status and of rumors that he might have presidential ambitions. Truman did not want to give Eisenhower any reason to be unhappy with him. Eventually, Truman signed a modest order to revise Army supply organizations (EO 9722).

Reviving Presidential Reorganization Powers

Smith had long wanted Congress to renew the president's pre-war authority to submit reorganization plans to Congress subject to a legislative veto (by both houses). These powers expired at the beginning of 1941, but, after Pearl Harbor, the War Powers Acts gave FDR temporary wartime reorganization authority. Only a few weeks after becoming president, Smith asked Truman if he wanted to seek renewal of peacetime reorganization powers. When Truman expressed interest, Smith volunteered political advice on timing and legislative strategy. Smith reminded him of the expressions of "goodwill and support, which members of the Congress now showered on the President" right after FDR's death. Perhaps that could be exploited to pass a bill? "The President laughed and said, 'You are quite right'" (5/4/45, 6:3). Smith quickly drafted a presidential message to Congress and Truman issued it on May 24 (5/16/45, 6:3; 5/16 & 21/45, 7:4), his first message to Congress as president (Pemberton 1979, 1). Smith then followed up with a bill draft that asked for permanent reorganization authority (unlike the two-year limit for FDR) and that no agencies be exempted from potential reorganization (unlike the long list of Congressional sacred cows excluded in 1939) (6/6/45, 7:4).

But then everything screeched to a halt because "opposition began at once" (Pemberton 1979, 33). The Senate version of the bill went to the Judiciary Committee chaired by the always-difficult Pat McCarran (D-NV), no friend of public administration or presidents. (He had led the fight in 1940 against moving the regulation of aviation from an independent agency to the Commerce Department and, after Pearl Harbor, against moving civilian agencies from the capital.) On the House side, the bill was referred to the Committee on Expenditures in the executive branch, chaired by Carter Manasco (D-AL), another "leading doubter" of the idea (Associated Press [AP] 1945a). Then, AP printed an odd and unattributed story. Unnamed "congressmen" claimed Smith told them to delay consideration of the bill (AP 1945b). Smith was livid. He saw that a casual conversation with Manasco, requesting him to schedule a hearing, had been reconfigured by Manasco—on a not-for-attribution basis—into news. It made Smith look like he was undermining the president. Smith apologized to Truman saying, "I had not had quite so dirty a trick pulled on me at any time since I had been in Washington." Truman, not doubting Smith's loyalty and honesty, "assured me that I should not worry about it" (6/14/45, 6:3).

Manasco, running out of dilatory excuses, finally convened a hearing with Smith as the president's spokesperson. Smith's prepared testimony covered only eight printed pages, while members' questions took up 44 (House 1945a, 13-64), a reminder of FDR's long hard fight to pass the 1939 law. Members had major concerns. Good management and effective public administration were not compelling reasons. They did not like that the bill might permit a president to create new cabinet departments; that a legislative veto would require a vote by both houses, rather than one; and that some favored agencies might be touched, with Manasco starting off the bidding with a list of 21 exempted agencies. Also, they did not like that some independent agencies might be brought under the umbrella of a cabinet department and that quasijudicial independent regulatory roles might be subject to presidential control. Press coverage of the hearing indicated how unwelcome the bill was. One noted that "President Truman may have as much trouble as did his predecessor in persuading congress he ought to have the right to merge, abolish or reorganize government agencies" (AP 1945c). Another said that Smith "faced a group unconvinced that any major change should be made, particularly if it involves taking away Congressional powers" (AP 1945d). A few days later, McCarran held a senate hearing. Smith testified for a broad bill. While some senators expressed reservations, the hearing was less negative (Senate 1945a, 36-58). However, special interest groups jumped in to protect "their" agencies. For example, the National Rivers and Harbors Congress wanted to exclude the Army Corps of Engineers from potential reorganization (AP 1945e). They won ("Senate adds," 1945).

The House Committee then reported a version that was relatively strong, considering Monasco's opposition. It would exempt only six agencies from the bill, required both houses to disapprove a reorganization plan, but set a sunset of July 1, 1948 ("Backs president," 1945). After it passed the House, Smith was pleased and hoped the Senate would pass it unamended (Ickes 1978, 10051). He did not get his wish. The Senate Judiciary Committee "sliced down to near half-loaf size today the broad authority" Truman wanted (AP 1945f). A legislative veto would require passage in only one house, 13 agencies could not be touched, changes in cabinet departments were restricted, and either house could send a plan back to the president for changes. This last feature was tantamount to the power to amend a reorganization plan instead of voting it up or down. Burton Wheeler (D-MT) opposed the bill outright. In a thinly veiled slam at Smith and BOB, he said, "You and I know the President can't and won't draft these reorganization plans. Somebody does it for him and nine out of 10 of these professional reorganizers don't know as much about what they are doing as do members of Congress" (AP 1945f). Good government simply had little sway in the hot-house politics of Capitol Hill. Smith got worried and sent a memo to a friendly senator on changes he wanted (11/1/45, 9:2).

Impliedly, if they were not adopted, he would recommend a veto. But then, surprisingly, Truman suddenly received support for a strong version of the bill from an unexpected quarter: Senator Harry Byrd (D-VA), a conservative who opposed the 1939 Reorganization Act, admitted "he 'had changed his position' from relying on the Congress to initiate reorganizations. He declared that "only hope" of reorganizing "our vast and growing bureaucracy" lay in a president. When minority leader Taft (R-OH) pressed him if FDR's reorganizations had saved any money, Byrd replied that "I think Mr. Truman is far more economy-minded than the late President Roosevelt ever was" ("Byrd backs," 1945). The amendment Byrd introduced during the floor debate helped strengthen the relatively weak committee version. He also flagged another loophole, the blanket exemption for any agency having any "quasi-judicial powers." Most agencies had this, even if it was minute relative to their operations (AP 1945g). In the end, both houses passed a version that exempted 11 agencies, banned changes to cabinet departments, expired in April 1948, and required both houses for a legislative veto (AP 1945h). To press for the conservative goal of using reorganization to cut spending, the act stated the "expectation of Congress" that each reorganization plan would cut administrative costs by 25%. When he signed it on December 20, Truman said he wanted reorganizations to, among other things, save money, but that "I do not consider it probable that we will generally save as much as 25 percent, as suggested by the act." Truman announced that he was directing Smith to begin implementing the law by soliciting ideas from departments and "to take the lead" in drafting reorganization plans (Truman 1945).

At first, Truman was eager to move. *The Washington Post* quickly reported that BOB was ambitiously seeking to develop "a large-scale shifting and grouping of government functions" (Kluttz 1946a). Smith suggested a choreography for reorganization plans. The first few should be relatively noncontroversial. Then to submit ones that were more controversial. Truman agreed but, knowing Congress and the effectiveness of special interest lobbying, he reminded Smith "anything we propose will be fought about." In that case, even the early plans should be "something worth fighting about" (12/19/45, 6:3). In February, Smith sent Truman a memo on how he wanted to proceed (2/8/46, 7:3). Truman marked it up in pencil. Smith and Appleby could not decipher Truman's handwriting and gamely told him his scribbles "were not clear to us" (3/7/46, 7:3). Smith and Truman agreed about creating department-like entities for welfare and transportation to finesse the ban on creating cabinet departments. In early April, Smith presented Truman with several drafts (4/9-10/46, 7:3). However, a few weeks later, Truman got cold feet. Congress was "generally obstreperous and recalcitrant and inclined to go out of its way to cause him all the trouble possible" (4/29/46, 7:3). In particular, he decided to postpone reorganizing the Civil Service Commission (5/2/46, 7:3). Smith tried to revive the president's interest by emphasizing that it was easier to pass reorganization plans than laws (5/3/46, 8:3). Smith later confessed, "We had begun to think that he [Truman] had decided

to send up none of the plans” (5/16/46, 7:3). Stone told Smith Truman’s inaction was making it very hard “to hold up the morale of the staff working on the reorganization orders” (5/1/46, 10:2).

But Truman’s view suddenly changed in mid-May, wondering if good government might be an appealing political issue. He asked Smith for the paperwork for three reorganization plans; he wanted to announce it at the soonest press conference (5/15/46, 7:3). Smith briefed Truman over the next two days (5/15-16/46, 7:3). Plan 1 contained some omnibus and miscellaneous changes, but its central element was recreating FDR’s wartime National Housing Agency into a permanent independent entity of the same name. Plan 2 moved more health and social service entities to the Federal Security Agency (FSA), making it a health, education, and welfare department in all but name. Plan 3 also contained dozens of minor matters that Smith considered relatively noncontroversial.

Smith testified in favor of the three plans at a House hearing in mid-June. He was under attack from the start. Conservatives focused on cutting spending, but Smith was unable to document it beyond generalities. They were not interested, i.e., improving management was a means of cutting spending in the long run or of more effective spending. Another line of attack considered if the plans cut any functions now performed by the executive branch. Smith said largely not; these were transfers of functions. Parrying, he said that, as long as Congress assigned a function to the executive branch, there was a need for money and organization to implement it. If Congress wanted to cut functions, then a repeal was required (House 1946a, 71-73). Another line of attack was why had he not consulted with the business and industry groups that had the most interest in a particular change? Smith tartly replied, “It does not happen to be my business as Director of the Budget to consult people outside about these matters. I have some limitations which I must observe” (66). As for opposition from special interests, Smith said that, with every reorganization, “people get jittery, they get scared, they see all kinds of skeletons in the closet.” He admitted he was sounding like a “practical psychologist.” Still, he was accurately portraying the asymmetry of reorganization politics. The beneficiaries of the status quo had enormous incentive and leverage to oppose change, while public administration professionals could only argue for a principle that “there is something to improving arrangements in organizations” (72).

The most opposition was to the National Housing Agency. From the right, the attack came from the housing industry, which claimed that the public housing branch of the agency would dominate the culture and policies of the agency—making it anti-business. Smith conceded that this was accurate based on funding because it ignored the very large impact of the credit functions of housing programs undergirding private housing because those were not based on annual appropriations. From the left, the criticism was that the agency “is dominated by the private [housing] interests” (60). The hearing was a synecdoche for the politics of apolitical public administration. Eventually the House vetoed all three reorganization plans.

Now attention shifted to the Senate. At a hearing, McCarran let committee counsel J. G. Sourwine take the lead, and Smith “was subjected to close questioning” (“Legality,” 1946). Some of his questions made the point that, although BOB had solicited ideas from all departments and agencies, its final plans were not limited to those from the agencies. This implied BOB was unresponsive to departmental requests and that it did not confer back with agencies before submitting drafts to the president. He also persisted in trying to get Smith to name names. He wanted Smith to identify which BOB officials were in charge of preparing the plans. Smith ducked, saying many in the agency were involved, perhaps as many as half of all staffers (Senate 1946b, 30). (The rest of the story occurred after Smith left. The Senate did not veto Plans 2 and 3 but concurred in the House veto of Plan 1 on housing [Pemberton 1979].)

Truman's First Budget, FY 1947

The FY 1947 budget cycle began in the summer of 1945 when Smith distributed to departments and agencies guidelines for submissions (7/13/45, 9:2). Only a month later, VJ-Day made them outdated. In mid-August, he issued revised instructions (8/17 & 21/45, 9:2). In October, Smith asked Truman how much he wanted to be involved. Smith had experienced how much Roosevelt enjoyed budget decision-making in the pre-war years, followed by near-zero involvement in his later years. Smith told Truman he would soon “begin to present to him a good deal of material on the new Budget, and that this would probably be rather burdensome. He [Truman] said not to worry about it, adding that he liked to get rather deeply into the business of the government and that he would be prepared to devote whatever time was necessary” (10/30/45, 6:3). Smith brought his first passel in November. For each agency, he shared with Truman the bureau's recommendation along with highlight memos summarizing key points. “The President went over these memorandums. In some cases, there were brief discussions of the points. ...After this discussion, the President O.K.'d the budgets as submitted. He asked that I send him copies of the highlight memorandums so that he might have them on his table near his bed, as he wishes to get the departmental picture thoroughly in mind” (11/9/45, 6:3).

Now their meetings became more frequent and the issues more important. They talked extensively about the USDA budget, which was complicated financially and had embedded in it many policy decisions. “The President seemed to think that our disposition of the policy issues was reasonable, and he approved the budget without change.” Regarding protests already coming in from the Maritime Commission about its budget, Smith admitted, “It was a case of our guess against theirs.” Truman said that, when his committee investigated the commission's wartime spending, “He was shocked by the lack of business methods in the administration” of the agency; therefore, he rejected the appeals and upheld BOB (11/23/45, 6:3). The next meeting covered the Justice Department's budget. “The President did not ask many questions, and he O.K.'d the budget.” Then, Smith raised the awkward issue of BOB's own budget. He said he was recommending an increase of half a million dollars and then paused to let Truman decide the issue. Truman did not hesitate. “The President then said, ‘I readily approve your budget request. I doubt that it is enough. Let's take some time before too long and go over the whole situation’” (11/28/45, 6:3). On December 5, “The President passed on the budgets of remaining agencies by reading over the highlight memorandum and O.K.'ing them with very few comments. He did speak about the magnitude of the job facing us in the Veterans' Administration and about the struggle over some of the projects in War [Department's] civil functions” by the Army Corps of Engineers (12/5/45, 6:3). At their last meeting on agency budgets in mid-December, they talked about a USDA protest on cuts in administrative expenses. Smith was looking to Truman for a decision or, at least, guidance. But Truman simply “left it up to me to make such adjustment as seemed desirable.” Smith told him that when cabinet secretaries complained to the president, his general inclination “was trying to make adjustments which would recognize the judgment and responsibility of the operating people [i.e., line administrators] and which would also relieve the President of Cabinet members who would undoubtedly” complain. Truman reassured Smith of the confidence he had in BOB's final decisions. Smith was gratified by Truman's “gracious remark” (12/11/45, 6:3).

The last step involved drafting the president's budget message. At this point, Truman had been president for about seven months and generally maintained FDR's precedents. To begin, Smith and Appleby presented the tentative topline figures for the budget. Truman directed them to prepare an “honest” budget that was significantly unbalanced (such as including a loan to the UK) rather than a “politic” one (omitting the loan and other items) that falsely made it look nearly balanced (12/19/45, 6:3). Otherwise, he was content to let them proceed as they had with FDR. They came back with a relatively polished draft in early January. Smith suggested that Truman read it aloud, as FDR used to. That would help assure that key details

conformed with Truman's views. Truman did that and provided modest feedback, including on public works and education policy (1/4/46, 7:3). Now, Rosenman worked on polishing the message (1/11/46, 10:2). The new treasury secretary, Fred Vinson, raised several last-minute objections, paralleling Henry Morgenthau with FDR. Vinson asked that the budget message omit all discussion of taxes and revenues and submitted wholly different revenue estimates than BOB's. It culminated in a shouting match in the Oval Office, with Vinson doing most of the shouting. Vinson seemed oblivious to Truman's own assessment of the politics of this budget as well as Truman's not-too-subtle hints that he was agreeing more with Rosenman and Smith than Vinson. Smith was shaken by how Vinson treated the president (1/15/46, 7:3). The next day, he sent a memo to Truman about tax policy but mentioned that the meeting "has troubled me considerably," not just for its atmosphere but also for the "fundamental issues" of deciding on taxation in the immediate postwar years (1/16/46, 8:3). When the budget was completed, Truman maintained FDR's precedent of holding a budget briefing for the White House press corps. He led the meeting that lasted about an hour (1/19/46, 10:2). During the briefing, Smith and Appleby answered some of the more detailed matters (Truman 1962, 24-36). Truman later told Smith he was pleased with the session (1/21/46, 7:3).

Once Truman sent the budget to Congress, the annual review of BOB's own budget request began with a hearing by the Independent Offices Subcommittee of the House Appropriations Committee. The new chair, Joe Hendricks (D-FL), claimed there was duplication of activities between agencies. What was BOB doing about it? Smith politely asked, "What sort of duplication?" Hendricks replied that the head of an unnamed agency "was simply gathering information from two other constituent agencies and coordinating that information." Smith said he would be glad to look into it, but that BOB was active in overseeing federal statistical activities, and he thought it was unlikely (House 1946b, 29-30). Hendricks may have been confusing the act of collecting original statistics with an agency seeking statistical information held by another agency. Smith had a more productive exchange with George Mahon (D-TX) on the budget process. They talked about the respective roles of Congress and BOB, with Smith acknowledging the need for a closer relationship, and Mahon conceding that BOB had a better capability to oversee budgeting than Congress. Looking forward, Mahon asked Smith which areas Smith was hoping to focus on. Smith suggested grants-in-aid, subsidies to airlines (through airmail rates), and collection of delinquent taxes (36-40).

The House declined to fund the net increase of about \$400,000 for BOB that Smith and Truman had requested and made a further decrease of about another \$400,000. Smith had no choice but to appeal for restoration of such a significant cut to his long-time nemesis, Senator McKellar. McKellar began the hearing with his usual truculent tone but quickly excused himself to participate in the Southern filibuster against the Fair Employment Practices Committee. He handed the gavel to Theodore Green (D-RI) who sidetracked the discussion to congressional staffing and borrowing staff from executive agencies (Senate 1946a, 28-36). Quickly adjourning the hearing after discussing this ancillary subject, Green neglected to give Smith the routine opportunity of a testifier to submit a prepared statement for the hearing record justifying restoring the funding denied by the House. Smith returned to his office frustrated (1/30/46, 10:2). The next day, when he met with the president, he reported on the hearing "in a depressed manner and with a doleful tone. ...I pointed out that I thought I had done everything I could do, although I felt singularly inadequate as a salesman in the face of the results." Truman said he would do what he could to help and generally tried to buck up the morale of his budget director (1/31/46, 7:3). However, the version approved by the Senate Appropriations Committee was mixed news. It restored funding to FY 1946 levels, but—reflecting McKellar—banned field offices. Truman again promised to help and a friendly *Post* columnist tried to draw attention with sympathetic coverage (Kluttz 1946b; 2/8/46, 7:3). When the bill went to the Conference Committee, Mahon strongly advocated for BOB (3/19/46, 10:2). In the end, Smith got a modest increase (about \$200,000), and the ban on field offices amended to opening new ones (60 Stat. 61). (Smith had been hoping for two more.)

Tutoring Congress on Good Public Administration

Smith was unusually proactive on Capitol Hill because most of the big issues of structure and policy had been deferred during the war. For example, there was support for unifying the military after the war and, from democrats, for economic policymaking to prevent a postwar recession. The reconversion period was the window for action.

Organization of Congress

In retrospect, 1946 was a pivotal year in Congress's oversight of public administration. One key action was inaugurating "legislative-centered public administration" with the passage of the Administrative Procedures Act (Rosenbloom 2002). (FDR had vetoed an earlier version, and, by a close vote, the veto was upheld.) Another key action that year was the recognition that the structure of Congress was outmoded and needed reform for the postwar world. The Joint Committee on the Organization of Congress was bipartisan, with an equal number of democratic and republican members. Somewhat surprisingly, Smith was invited to testify on reorganizing Congress. Its staff director, George Galloway (loaned from the Library of Congress), invited Smith to present his views (5/8/45, 9:2). The member presiding at that hearing said, "because you work with all phases of the Government, we would very much like to have you...give us the benefit of whatever suggestions you wish to make" (Congress 1945, 669). Smith had prepared an extensive statement that covered the horizon of good government reform. He drafted it with the assistance of several BOB staffers, including political scientist V. O. Key (5/14 & 28/45, 9:2).

Smith called for reorganizing the jurisdictions of committees—but not in order to parallel the (current) structure of the executive branch. Rather, he suggested they be organized by subject or policy area, such as water resources. That would be a way to assure legislation would create consistent and comprehensive federal policies, regardless of the agencies involved. He also recommended term limits on committees to prevent overspecialization and excessive influence by a handful of members, consolidating annual funding for the federal government into a single bill, and expanding the bill to include revenue. For committee staffing, he proposed a central staff that would be a general pool to provide experts to committees. Finally, he called on Congress to focus on policy—not on administrative minutia (Congress 1945, 669-85). An indication of his standing as a (relatively) nonpartisan expert came during the hearing when two committee members, a conservative democratic and a republican, complimented him (684-85).

Full Employment Economic Policy

In 1944 and 1945, Smith had established himself as one of the administration's spokespersons on postwar economic planning and macroeconomic policymaking. Smith worked with Senators James Murray (D-MT) and Robert Wagner (D-NY) to draft the Full Employment Act of 1945; he also coordinated testimony by executive branch officials (3/12 & 6/8, 9:2). He was seeking to promote what could be seen as a peace dividend. He asserted that the sharp reduction in federal spending and the demobilization of draftees would not cause a recession or even a depression, even though traditional business economists were predicting that. When Smith appeared on August 30, he tried to focus on principles, such as the need for the federal government to enact policies to promote full employment, the respective roles of the president and Congress in pursuing full employment, and that the annual federal budget be crafted toward accomplishing full employment (Senate 1945b, 676-705). He spoke with assurance on economic matters, such as avoiding "the twin dangers of inflation and deflation" (676), the phenomenon of "'frictional' unemployment" during major changes in the economy (677), "debt management" (682), "the 'tool chest' of government policies" that were available to the federal government (681), and the fundamental changes in the national economy over the past decade that had shifted from "slower moving phases" to one that "is more volatile" (698). He

endorsed requiring an annual presidential message aimed at achieving full employment and creating a joint congressional committee to oversee this goal. Without ever saying it explicitly, he was hoping that BOB would be designated as the fulcrum for presidential economic policy.

Senator Taft (R-OH) intensely cross-examined Smith. A consistent conservative, Taft supported an unfettered business-based economy and opposed big government, including deficit spending, economic stimulus, federal controls over the economy, and government planning. Smith stayed on message, sticking to generalizations. However, at one point, he replied to Taft that “I think a good deal of damage has been done by the rumors and the arguments that the Government is going to the left or to the right. Sometimes it is merely blowing up in the middle” (702). Demonstrating his comfort at testifying at congressional hearings and his sense of humor, a senator lightheartedly asked if he agreed with the definition of a statistician as a person “who draws a mathematical, precise line from an unwarranted assumption to a forgone conclusion.” Smith replied, “Since I must rely on statisticians, I prefer always to be in their good graces” (703).

The House version had been referred to the Committee on Expenditures in the executive branch. Smith asked to testify, and Chair Manasco accommodated him (House 1945b, 58). Manasco and leading republicans on the committee pressed Smith repeatedly and extensively about antibusiness dogmas that they claimed were baked into the premises of the bill. Smith tried not to be pinned down, not to be baited into wildly speculative answers, and to keep to the contents of the bill (58-103). His testimony lasted four hours, which he described as “grueling” (9/25/45, 9:2). Manasco was, again, against this bill and trying to defeat it indirectly. His tactical gambit was to suggest that the president’s next budget, due in January, include a “trial” version of what a full employment budget would look like. Maybe that would alleviate some concerns, he innocently suggested (101). Smith, seeing the obvious trap as a way delay the bill, did not commit to doing that. No naïf when it came to political tactics, he finessed the trap by sending a memo to the committee two weeks later. He attached a BOB memo on “Estimate of Unemployment in 1946” and claimed this fulfilled Manasco’s request. He emphasized that his statistics were “made in consultation with various statistical agencies of the Federal Government,” thus preemptively rebutting likely accusations the memo was only based on BOB’s own statistics (103-04). In the fall and early winter, Smith continued working with supporters of the bill to refine it and deal with newly raised issues and problems (10/23/45, 9:2). In particular, Smith opposed creating a federal commission for pursuing full employment or even an interdepartmental cabinet committee. The duty should be vested in the president, he said. If Congress insisted on assigning a department to be the lead, he vehemently opposed giving it to the treasury, a preternaturally conservative department. Smith also emphasized the bill deal with the “administrative side” of the policy. Otherwise, it “will fail solely because it cannot be adequately administered” (12/17/45, 9:2).

Science Research

One of the most intensely fought policy battles in the postwar era was the organization and control of scientific research (Kevles 1975; 1977; Price 1981; B. Smith 1990). Both sides were jockeying for position before VJ-Day. In November 1944, Vannevar Bush, head of the wartime Office of Scientific Research and Development (OSRD), asked Roosevelt to sign (on the spot) a letter Bush brought, which directed Bush to recommend postwar science policy and organization. Smith protested vehemently to FDR for signing it. The fight picked up in intensity with Truman. In part, the fight was over who would control research and federal funding: scientists or government? Another was control over military-oriented research: scientists or the military? Other issues crowded in but were essentially the same. Who should decide declassification of research? Should a corporation that conducted federally funded research be able to patent its discoveries or were they in the public domain? In all, this was a classic example of rent-seeking by outside interests for permanent control over “their” federal agency (Raadschelders 2020, 231-37).

The number of meetings and phone calls that Smith had regarding these interwoven issues indicates the importance of the fight. From April 12 through August, it came up on 26 days (4/13-8/27/45, 9:2). For example, in a conversation with Commerce Secretary Wallace, “Smith was thoroughly alarmed about the fascist-minded proposal of Vannevar Bush...to set aside \$100 million for research which would not go through regular Congressional channels. The more Smith talked about this the more alarmed he became” (Wallace 1973, 438).

Smith was inflexible on the principle that science was no different from anything else: It should be managed by an administrator appointed by and accountable to the president. It should be in government—not autonomous or quasi-private. The manager of a national science foundation should not be appointed by a board of scientists. Rather, the board should merely be advisory to the CEO and the president. To be sure he was reflecting the new president’s views, Smith brought him a draft executive order giving power to declassify scientific research to a civilian agency (OWMR) rather than an entity controlled by scientists. Truman signed it (EO 9568). Next, Smith suggested keeping OSRD alive after the war ended, so that Congress (or the president) would not be stampeded by scientists. Truman agreed. Finally, Smith prepared presidential letters to the secretaries of war and navy stating administration policy on military research “must at all times be lodged solely with the framework of the government” rather than controlled by the National Academy of Sciences. Truman agreed and signed them, saying, “We cannot let this outfit run the Government,” i.e., scientists accountable to no one (6/8/45, 6:3).

At a showdown summit meeting, Smith said that scientists were not “a special breed with special consciences and special intelligence.” He insisted that science policy, research, funding, and organization be managed according to the same management principles applied throughout the executive branch. Finally, he opposed developing any compromise position based merely on the interests present at that meeting because “so many of the interests in the field of research were not even represented” there (8/27/45, 9:2). The culmination came during Senate hearings in October. In preparation for his testimony, Smith confirmed that Truman “supported a director and an advisory committee, rather than a board, to administer the research foundation, and the President said that he had” (10/5/45, 6:3). BOB staffer Don Price helped draft Smith’s statement (10/1 & 10/45, 9:2).

Smith’s testimony was probably the most concise summary of his public administration principles (Senate 1945c, 95-112). A federal science agency “should be so organized that it will be fully responsible to the President and the Congress.” It “must be a part of the regular machinery of government” and operated “through its own responsible agency, not by delegating the control of the program and turning over the funds to any non-governmental organization” (97). Furthermore, the agency should be headed by an individual, appointed by the president, possessing full administrative powers, and subject to removal. A science advisory board should not have management powers and should not appoint the agency director. If a board had control over an agency, then should a president be unhappy with a policy or appointment, “It would be much more difficult to determine which board members were responsible” (100). Regarding boards, “My conclusion on that comes out of some 25 years of experience in Government and Government agencies and observation of how boards in the Government work. If there is one thing that we have learned in Government administration over the years, it is that we should get away from boards. ...I think the most successful formula we have been able to devise and which experience supports is the single administrator with an advisory board. ... I don’t wish to be unkind, but I would not give advice on the theory and application of the atomic bomb. I have no hesitancy, on the other hand, in giving advice in the field of public administration. I think that we have learned something about that, and that it also has some of the attributes of science. I feel it is my duty to keep the scientists from making a mistake in the field of public administration” (103-04).

When the senators gave him an opportunity to rebut Bush's argument that a science board control this quasi-autonomous entity, he said, "I regret very much, frankly, as Director of the Budget, that the subject of what we do about research gets into the position of the scientists telling us how to organize the Government, because I think that is one area in which their competence doesn't meet the situation. I think a serious mistake would be made and we would deny all our experience in administration if we set up the other type of organization" (108). He kept hammering at the relationship between a board and agency manager. "If you divested the board of administrative responsibility, then you must divest the board also of responsibility for appointment of the director, because I would conceive that as being administrative responsibility" (109). He conceded that science might be a slightly different kind of subject from traditional governmental activity—but not that different. "I think you have here, yes, a slightly different kind of problem, but not one which justifies, in my judgment, throwing overboard what has been learned in the field of public administration. There is nothing here at all very unusual to deal with, from an administrative point of view" (110-11). He reminded senators that the USDA's research arm was headed by a single administrator, responsible to the secretary, and that its research was nonpareil (99). Smith also testified in support of free and open publication of research results and precluding them from private patenting. "The results of such research should be devoted to the general public interest, and not to the exclusive profit of any individual or corporation." As a general principle, science should be "brought into the main stream of public affairs" rather than "for it to grow in a state of irresponsible detachment" (102). He wanted "to keep them [scientists] from making a mistake in the field of public administration" (111).

Federal Corporations

Federal corporations, usually in the lending or credit fields, operated akin to private corporations. Notwithstanding the significant volume of their portfolios, they operated largely outside the oversight of a president, BOB, or Congress. Smith testified in favor of extending fuller governmental oversight, including BOB examination of its annual budget requests and operating programs. He said, "I have been concerned about the lack of general supervision and control of corporations" (House 1945c, 138). Asked to comment on the multiple objections to the legislation by these corporations, he echoed some of the points he had made regarding the claims of scientists for autonomy. "As I have looked at the arguments on the part of representatives of the corporations, that they have been extremely ingenious in devising arguments; there is no lack of talent, I should say, in that respect. From the standpoint of total Government policy, corporation business must be made a part of the total budgetary process, or else I think that we have a very serious weakness in the over-all control of Federal financing. ...It seems to me that it is futile to argue that simply because it is difficult, a corporation should go its own way, that a corporation is of 'a separate breed of cats,' and that it can be an independent principality in the Government." (139). Congress passed it (59 Stat. 597), gave Smith funding for these new responsibilities (Senate 1945d), and he imposed new reporting requirements on those corporations.

Selling Merchant Ships

Smith submitted testimony (but did not appear) at a Senate hearing on the sale of surplus government-owned merchant ships. He focused on four management and policy issues. First, he wanted the ultimate decision-making on the size of the reserve merchant fleet (i.e., those that would not be sold) to be the president's instead of an agency with a narrower perspective. Second, he wanted to expand who could buy surplus vessels to include wartime allies rather than limiting sales to domestic entities. Third, he wanted terms and conditions that were most beneficial to the taxpayers than buyers. Finally, he wanted proceeds to go to the general treasury. If they went directly to the US Maritime Commission, the windfall could be "conducive to loose budgetary practices" (Senate 1945e, 196). It should be up to Congress to decide how the commission could spend those funds. In all, Smith was articulating the public

interest, otherwise lost in a parade of rent-seeking and self-serving private corporations or other special interest groups.

Atomic Energy

A major postwar policy issue facing Congress was how atomic energy should be managed and controlled. The Senate created a special committee to draft founding legislation. As with scientific research, Smith had strong feelings about how to manage this new phenomenon, and Truman approved Smith's perspective (1/21/46, 7:3). At the Senate hearing, Smith expressed several public administration principles, which he claimed were well-established and valid because "we have accumulated some experience" doing it (Senate 1946c, 45). His critique was an extraordinarily detailed dissection of the small elements of lawmaking that were crucial to effective management in his view. The overall approach, he testified, was that the entity should be part of the executive branch and accountable to the president.

Smith said, as a standard-issue agency, it should have a monopoly on the subject (rather than splitting power between several civilian and military agencies), should be entirely civilian, and all patents be owned by the public. He argued that atomic energy was not such an extraordinary subject that it should be exempt from routine presidential guidance (33-34). After a senator suggested that the analogy should be to independent regulatory commissions, Smith countered that management of atomic energy was not a quasijudicial function and therefore did not require such autonomy. In particular, he said, if the Senate preferred a commission structure for policymaking, then he urged creating a CEO position, one who would be a presidential appointee. Beyond setting policy, commissioners should be prohibited from direct contact with staff, he said. Instead, Smith argued that all commission directives be through the general manager, like the TVA. "If the proposed Commission does not transmit its instructions to its divisions through a single person, the division heads will deal with individual members of the Commission themselves. They will naturally choose to deal with the member or members who they think will give them the answers they want, and to play one member off against another" (37). Smith recommended that the members of the commission should serve at the pleasure of the president, that the legislation not specify the subdivisions of the agency, and that the heads of these subdivisions should be appointed by the CEO (i.e., not by the president nor board). Smith also recommended that the atomic energy commission have only three members rather than five. A small board would inevitably require the president to appoint "broad-g[u]age" generalist scientists, rather than a highly specialized scientist-expert in a single subfield. He conceded that the number of members was a relatively arbitrary distinction, but that anything larger could lead to designated slots for rent-seeking constituencies. He made the point that, with a larger board, they inevitably would be "chosen to represent special groups and special interests" (44). He also urged that the legislation ban the commission from creating any corporations because a corporation could later argue it was autonomous and not subject to executive and congressional control (38). Finally, he tried to counter the facile view that legislative and executive oversight was zero-sum. Rather, he maintained, strong direction from the president and active congressional oversight made for good government and effective accountability (40).

Manager-in-Chief of the Executive Branch

BOB's Division of Administrative Management (headed by Stone) was active in cutback management. Smith and Stone provided practical and useful advice on the abolition or contraction of agencies. In July, the division issued a Management Bulletin on agency liquidation. The 15-page brochure presented a systematic process and checklist for this unusual aspect of public administration, including guidance for disbanding staff services such as budgeting, personnel, property, and records (BOB 1945a). Later that year, the division issued another bulletin on process charting "as a practical working device in attacking

management problems” (BOB 1945b). It provided tangible advice on how to prepare one, such as interviewing each person involved, including to “be friendly and considerate” in those interviews, “use simple language,” and “don’t criticize or make hasty suggestions” (8). It also put emphasis on visual presentation and pictorial symbols and how to identify trouble areas in a completed chart. When ready to share it with workers, BOB advised on making effective presentations, including before/after charts and colors (20). BOB sought to encourage management improvement at the working level, to demystify efficiency reforms, and to reach a broad audience of supervisors. Other management initiatives overseen by Smith and Stone included “on-the-job training for agency management staff, and several interdepartmental sessions for agency budget officers” and “standard forms and procedures for pay roll and leave records maintenance.” Toward the end of the year, they recommended “uniform personnel methods, forms, and records, and to improve retirement procedures” (BOB 1945c, 4-5).

Much of Smith’s management concerns in 1946 related to the White House staff and EOP agencies. The disorganization and consequent political strife and negative media coverage led to a presidential outburst in February. In January, Smith lunched with OWMR Director John Snyder, who had Truman’s confidence (Leebaert 2018, 98). Smith told Snyder he was concerned about “the state of Federal administration generally, with particular reference to the Cabinet” (1/2/46, 10:2). Snyder agreed and urged Smith to pursue the matter. Following up, Smith told Truman that he was disturbed that “a considerable amount of administrative chaos and friction was developing underneath the President.” Truman invited Smith to try to improve things (1/21/46, 7:3).

At the next meeting, Smith made a few suggestions. First, “you need good, continuous, organized staff work.” In part, Smith was implying a larger role for BOB, as a coordinating locus for just about everything that eventually went to the president except explicitly political matters. Second, Smith suggested that Truman’s emphasis on the centrality of the cabinet had hazards because cabinet members reflected the self-serving views of their departments and had trouble viewing issues more broadly. In particular, Smith urged less reliance on cabinet committees to hash out administration positions. They would result in compromises between bureaucracies, not necessarily good ideas. Smith wanted the president to get facts that were separated from policy judgments. Cabinet committee reports inherently meshed both. Third, Smith was concerned about how the employment bill would be operationalized. He immediately saw the problem of the new Council of Economic Advisors in EOP versus the Treasury Department. The president would need to prevent permanent warfare between them (2/8/46, 7:3). Smith followed up, sending Truman a memo on “strengthening presidential leadership in the executive branch” (Arnold 1997, 418). Things hadn’t improved by late February. “The President indicated that he was completely bogged down, and that he thought he had been reading as much as 30,000 words in memorandums every night. I remarked that he should not be doing this and that somehow we ought to get the staff and the White House organization in such shape that he would not be burdened with so much detail. To this the President again agreed. He commented that he was now going to have to write all of his own speeches. Throughout the conference, which lasted for half an hour, the President expressed various notes of despair about the avalanche of things that were piling up on him. ... I came away from this session with my own despair accentuated because of the President’s inability to use staff, as yet” (2/28/46, 7:3).

Appleby accompanied Smith to a March meeting with Truman. As they were briefing the president on reorganization, Appleby highlighted the “general objective [of] a reduction in the number of persons theoretically reporting to the President.” Instead, more people “should report to people who do report to the President.” Truman quickly added, “and to people who know how to report to the President” (3/7/46, 7:3). The next week, Smith and Appleby had dinner with Snyder and Truman’s secretary, Matt Connelly, to discuss ways “to eliminate the press of details on the President” (3/14/46, 10:2). In May, Smith was still concerned and again urged Truman to consider reorganizing EOP. “I fear that failure to do something to tighten the

organization of the Executive Office may prove to be as much of a stumbling block to you as it was to” FDR (5/3/46, 8:3). Nonetheless, Smith was vague about the specifics of what he wanted to propose for revising EOP. A think piece from staffer James Sundquist in early 1946 might have encompassed some of what Smith was thinking about. Sundquist identified the major problem in EOP’s operations as the lack of coherent and well-organized policymaking, i.e., too much flowed upward from agencies and departments without any presidential perspective. Even if Sundquist’s ideas were not identical to Smith’s, they most likely overlapped. Both could see that Truman was not well served by his staff, facts were not separated from proposals, ideas were not analyzed in depth, and a presidential perspective was often absent from policy options (2/20/46, Sundquist, BOB, Box 2).

Spokesperson for the Administration

Smith sought to explain the new president’s policies to the public-at-large. For example, he held a press conference on August 1 to report on estimated cuts in federal spending due to the impending victory over Japan. About 40 reporters attended. After Japan’s surrender, Smith released further revised spending estimates. He expected that the end of the war would mean a spending cut of \$15 billion in FY 1946 (8/30/45, 9:2). Much of Smith’s proactive PR addressed the touchy political and economic policy issue of the wartime federal debt and his Keynesian effort to reframe it in the context of the national economy. Smith wrote an article for the mass circulation monthly *American Magazine* (Smith 1945b). He suggested that the size of the deficit was less scary than implied by conservatives, that it would not cause an economic crash, and that reducing it gradually was a sound approach. The next year, he wrote another article on the excessive paperwork that required presidential signatures. Smith, ever the pragmatist, could not understand why so many laws imposed on presidents the requirement of signing of scores of unimportant documents. He argued that so much of a president’s time and attention were consumed by signing unimportant paperwork (Smith 1946a).

In a deliberate effort to reach conservative opinion leaders who believed in the orthodoxy of balanced budgets, he spoke to business audiences. In April, he gave an informal talk to the Government Spending Committee of the National Association of Manufacturers (NAM). He had disagreed with a committee report claiming BOB did not engage in budgeting, i.e., focusing on cutting spending, as early BOB directors had (4/25/45, 9:2). The next month, he spoke to the National Conference of Business Paper Editors (5/7/45, 9:2). At the end of the year, he spoke at NAM’s annual conference on “The Government’s Budget and the Nation’s Budget.” He tried to allay some of the more hyperbolic claims about deficit spending that were popular tropes in conservative business circles. Smith was, again, trying to make the point that, in the context of the macro-economy, the size of the federal debt was manageable and would not cause a depression on its own (1945a, chap. 8). The most comprehensive summary of Smith’s economic and budgeting views was a speech on the National Tax Association. He argued that high and persistent government spending was neither immaculately conceived nor secretly controlled by presidents and budget directors. Rather, spending was the result of what people wanted, or at least, what specific populations sought. Another driver of spending was because “the competition between the armed services is an expensive luxury” (Smith 1946b, 499).

In the relative proportions of the spending categories, the military was so much greater than those of domestic programs. Anyone serious about cutting government spending had to include the army and navy. On the tax side, Smith gave a parallel argument. Yes, people wanted tax cuts, but doing so when the economy was already inflationary would worsen price increases because people would have more discretionary income to spend. Also, cutting taxes meant the federal government could not reduce the federal debt from the war. Smith stated flatly that the budget could be balanced and the annual deficit zeroed out in the foreseeable

future. He said, "We can expect to balance the budget in fiscal 1947" (499). With this message, Smith was wading deeply into political waters. He knew what he was doing. When clearing the speech with the president, he told Truman, "I felt that the Director of the Budget, who is regarded as non-political although he is appointed by the President, might be able to say with considerable effectiveness early in the game and before the political campaigns begin that 'I can assure you that this Administration is committed to balancing the budget and not only will the budget be balanced, but it will be balanced with a surplus'" (5/22/46, 7:3).

Media coverage continued to convey Smith's importance. In August, *Newsweek* profiled him under the headline "Mr. Smith Stays in Town." It described him as "the slow-spoken, placid-appearing" budget director who served as "the President's general manager and chief efficiency expert." The magazine estimated that, during FDR's presidency, about 60% of all of Smith's recommendations to the president were adopted, "a high score considering the political and personal opposition many provoked" ("Mr. Smith," 1945). At the end of the year, another weekly, *United States News*, featured him on its cover with the caption "Harold D. Smith...Directing Our Postwar Budget." The profile described him as "an inconspicuous Washington official, [who] is, next to the President, perhaps the most powerful man in the Government." He was "not interested in social reform as part of his job. His approach to his task is completely nonpolitical. ...He regards his job as one of administering, not making, policy" ("Budget chief," 1945). Another profile in the *Christian Science Monitor* described him as "quiet-spoken, undramatic, persistent Mr. Smith takes a nonpolitical attitude toward his job and is an able public servant" (Stringer 1945). These characterizations demonstrate how successful Smith was at projecting an image and persona, no matter how it was at odds with reality behind closed doors.

The most portentous and ominous media coverage was by conservative columnist Constantine Brown. He claimed BOB staffer George Schwarzwaldler was about to be named as FBI director to replace J. Edgar Hoover. The column emphasized that Schwarzwaldler had started his professional career as a social worker (a derogatory term to conservatives), and that, before joining the federal government, he had "a variety of occupations," insinuating instability. At BOB, he rose quickly "due to his ability to handle the problems intrusted [sic] to him by the director, Harold Smith." Brown's most pointed criticism was that Schwarzwaldler worked on BOB's reorganization of the State Department. Aimed at streamlining the department, his plan led to increased employment rather than, as conservatives wanted, decreases. The new hires included "many 'outsiders,' that is to say, men who, while not conversant with actual diplomatic work, are fully familiar with and sympathetic to the new trends in the world."

Schwarzwaldler did not have Hoover's experience, but he still was the "foremost" candidate for Hoover's job because "he has very powerful support from friends he has acquired recently" (Brown 1946). In all, it was a political hit and character assassination by innuendo. A few days later, Fred Bradley (R-MI), a conservative congressman, added his own insinuations. One of Schwarzwaldler's mentors at BOB was probably Appleby, the former deputy USDA secretary under Henry Wallace. Appleby was "just as pink as Wallace." Bradley called on Truman to "put an end to these repeated efforts on the part of the Communists, radicals, and left-wing politicians in this country to dispose of Mr. Hoover" (Congressional Record 92:1, 165-66). The *Chicago Tribune* piled on charges "that Communists and their fellow travelers in the administration are seeking to oust J. Edgar Hoover" and to replace him with "an obscure official in the budget bureau" (Manly 1946). Smith was shocked. It was "a sarcastic article, [which] pretends to have heard a rumor" (1/18/46, 10:2). If only based on who benefited from it, it likely originated with Hoover himself. A shrewd bureaucratic politician, he was probably seeking to insulate himself from replacement by mobilizing conservatives and the media in a preemptive demonstration of how politically costly it would be to fire him. Hoover was right to be concerned. Truman did not like Hoover's directorship of the FBI, referring to it as "a gestapo." Truman said, "He has some knowledge of the work the FBI does and that he apparently does not approve of some of it." Smith agreed. "It was not altogether appropriate

to be spending Federal funds merely to satisfy curiosity concerning the sex life of Washington bureaucrats and members of Congress. The President seemed to agree heartedly” (5/11/46, 7:3).

Health and Resignation

Smith’s medical condition was an open secret in the capital. *Newsweek*’s profile noted that “overwork hospitalized him two years ago” (“Mr. Smith,” 1945). In late 1945, he telephoned Dr. Bruenn, the navy’s chief cardiologist at Bethesda (and FDR’s doctor) for an appointment. Conveying some urgency, he saw Bruenn two hours later (11/6/45, 9:2). Smith told a friend “His heart has been giving him a little trouble again. He is taking medicine for it and he has had to let up considerably in his physical activities” (Ickes 1978, 10116). His health worsened in December. At a House hearing, the chair began by saying, “Mr. Smith, I know you are not feeling very well, so I am simply going to ask you to make as brief a statement as you wish...and we will try to get through with it as rapidly as possible” (House 1946a, 23-24). Smith called Bruenn again, saying how poorly he felt (12/13/45, 9:2). Smith saw Bruenn a week later for an extensive checkup (12/20/45, 9:2). Smith told Ickes he believed “that his heart situation is going to straighten out if he is only careful enough,” by cutting back on work, reducing physical labor, and taking his medicine (Ickes 1978, 10229).

In early 1946, Smith told Truman he was experiencing “the recurrence of my coronary difficulty.” He thought he “had gotten fairly well over it until a few weeks ago when it returned to plague me.” He acknowledged it was “a disability” but thought it was only temporary. That was why he was trying to spend a bit more time away from work, varying his “pace,” such as to “take on a battle once a week rather than several battles a day.” Smith framed it in terms of BOB properly serving the president. For example, if Truman ever wanted to talk to him and Smith was out, that he should feel free to talk to Appleby as though he were talking to Smith. Truman was sympathetic and supportive, telling him, “I should take care of myself” (1/21/46, 7:3). In late January, he went to Bethesda for another check-up with Dr. Bruenn. Bruenn was about to leave the navy to work in New York City, and this was the last opportunity to meet (1/31/46, 10:2). A few months later, Smith admitted “he was not feeling too well” (4/24/46, 10:2). In mid-June, he returned to Bethesda for another checkup (6/21/46, 10:2). Longtime BOB staffer Roger Jones said Smith “was tired and he was really a sick man before he left here [BOB]” (1969, 87).

In early June, Eugene Meyer, the owner and publisher of *The Washington Post*, became the president of the World Bank, one of the new postwar financial institutions. Notwithstanding Smith’s health, Meyer offered Smith the vice presidency. It paid more than double his BOB salary, plus it was tax-exempt. Smith accepted and resigned in mid-June. Truman accepted the resignation “with very deep regret,” Washington-speak that it truly was a voluntary resignation. He praised Smith’s public service, including “the vision to see the national picture as a whole... You knew when to be firm in the face of exorbitant demands on the national treasury. Besides great ability, you brought to the work fidelity, integrity and loyalty” (Truman 1962, 309-10). The media also praised Smith’s record. *Post* columnist Kluttz summarized how much Smith had transformed BOB and the executive branch and that “the mark Smith made on Government will remain behind him.” He described Smith as having become “the President’s business manager” (Kluttz 1946c). Syndicated columnist Lindley described Smith as “one of our best professional public servants ... He is not only a first-rate administrator, but has a good knowledge of economics and finance” (Lindley 1946). The Republican *New York Herald Tribune* wrote that Smith “is regarded as one of the ablest career men in the Federal government” (Steele 1946).

Smith lobbied Truman to name Appleby as his replacement. Truman instead appointed James Webb, then an assistant to the undersecretary of the treasury. Appleby left to become dean of

Figure 1. Smith's First Day at the World Bank, June 21, 1946



Note: Uncredited news photo, original obtained from the collection of vintage news photos on historicimages.com. No known copyright holder.

Syracuse University's Maxwell School. When Truman appointed Webb undersecretary of state, Smith's longtime administrative assistant Frederick Lawton eventually became budget director and served to the end of Truman's presidency. At the World Bank, Meyer resigned in frustration after only six months. Smith quickly announced he would leave, too. Before that

happened, he died in January 1947 of a heart attack. His last speech, a week before he died, was on improving intergovernmental relations (1947).

Summary and Conclusion

In some respects, Smith's record at BOB during Truman's presidency presents a model public administrator. He was patient, detail-oriented, worked well with his team, and promoted comprehensive and data-based decision-making. He represented public administration and budgeting as nonpartisan, nonpolitical, and expertise-based. He tried to tutor Congress as to what professionalized public administration encompassed. That's why political scientists and historians later viewed Smith as inaugurating a golden age of presidential budgeting. Yet it would be a misconception to characterize the record of his stewardship as adhering to a separation of policy from administration, let alone a pure separation between politics and administration. Before FDR died, Smith even wrote publicly about the strong relationship between budgeting and larger issues of executive and legislative control (Smith 1944).

Smith largely obscured his role in policy by insisting that a budget director should be involved in all aspects of management (1945a). As documented in the preceding narrative, he operationalized his claim of a management portfolio by involvement in such policymaking as macroeconomics, science, atomic power, and increased control over federal corporations. However, he was careful to paper over this policy role by emphasizing he merely desired sound administration, accountability, and the public interest. BOB's involvement in management largely faded under Smith's successors. In 1970, President Nixon resurrected it when he reorganized BOB into the Office of Management and Budget, including it having an associate director for management.

Smith even tiptoed into politics. He advised Truman on a broad range of matters and used PR to advocate for the administration's substantive policies. As recounted above, he wrote a reassuring article on the war's debt in a mass circulation magazine, met with conservative and business groups to defend Truman's fiscal policy, and even claimed in a speech that Truman's FY 1947 had the potential of being balanced.

In the retrospect of history, he was having it both ways, being apolitical and political at the same time. That was a tough act to follow. In fact, after Nixon reorganized BOB, Congress insisted that the Senate must confirm the agency's director. It was a belated acknowledgment that the president's budget director could not separate budgeting, policy, and politics. They were inextricably linked in how a president governed. Smith may have played all those roles, but this was largely unrecognized at the time, probably a tribute to his exceptional skills, whether overt or covert.

Notes

1. Note to readers: Following APA style for concise references to archival materials with an accessible finding aid; citations from Harold D. Smith's papers henceforth are identified by date, folder, and box.

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Queer Up Your Work: Adding Sexual Orientation and Gender Identity to Public and Nonprofit Research

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Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and Asexual plus (LGBTQIA+) communities are underrepresented in public and nonprofit affairs research. This has led to an incomplete picture of how public and nonprofit organizations can better support LGBTQIA+ individuals and communities. In this article, we discuss how researchers can include the LGBTQIA+ community, why they should care about this community, and the appropriate terminology and distinctions within the LGBTQIA+ community. This article is a call to arms: LGBTQIA+ individuals are an important part of the work in the public and nonprofit sector; and as such the language used to describe their experiences should be supportive and affirming.

Keywords: LGBTQ; Diversity, Equity, and Inclusion; Research Methods

Despite the small but growing body of Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and Asexual plus (LGBTQIA+) research appearing in disciplines such as psychology, medicine, and education, queer communities are vastly underrepresented in public administration and nonprofit studies (Larson, 2021; Meyer et al., 2021). Research on and involving queer communities, an arguably vulnerable group in society, is typically focused around sexual orientation and gender identity. This means that those often tasked with public service provision (both from a research and practical perspective) not only have an incomplete picture of the needs of queer communities, but also may be at a disadvantage when engaging with this population. This disadvantage stems in large part because the language deemed acceptable when talking about members of the queer community has changed dramatically.

There are many terms used to describe the queer community, including LGB, LGBT, and LGBTQ. In this article, we use LGBTQIA+, an acronym for Lesbian, Gay, Bisexual, Transgendered, Queer (or Questioning), Intersex, Asexual (or Ally), and the plus sign as a way to include anyone else not listed. One reason for the use of different acronyms is because each reflects different aspects of the community. From a research perspective, it may be the case that research focuses on the whole spectrum of sexual orientation and gender identity, in which case LGBTQIA+ would be appropriate. There may be other times, however when the research may focus exclusively on sexual orientation, thereby requiring use of the acronym LGB. Similarly, unless research specifically looks at gender identity, it is not likely to represent the needs of the transgender community and using an acronym such as LGBTQ or LGBTQIA+ would not be appropriate.

In this article, we offer somewhat of a language guide grounded in familiar methodological terms such as positionality, reflexivity, and situatedness to assure that those who both serve and contribute to the growing field of research focused on the LGBTQIA+ community use supportive and affirming language. We offer guidance about how to mitigate the harmful effects of implicit bias that play out in how researchers (and practitioners) talk with and about members of the LGBTQIA+ community. This includes focused attention not only on the importance of using proper terminology, but also advice about how to ask questions in ways that help both researchers and practitioners to learn more about the phenomenon they seek to understand.

The paper is organized in the following way. First, we provide a bit of background information about why it is important to center the LGBTQIA+ experience in public and nonprofit research. We then show why language and grammar (beyond commonly espoused arguments related to respect, dignity, and the desire to avoid reductionism) is so important when engaging with the LGBTQIA+ community. Next, we argue that the logic associated with concepts such as reflexivity, positionality, and situatedness (typically associated with analytical interpretation of data), should also be applied at the start of any research project that involves a marginalized group. We then offer a common lexicon that embraces the different orientations and identities associated with the queer community. We conclude with recommendations for future work.

Positionality Statement

Both authors are nonprofit scholars in the field of public administration. Both identify as part of the LGBTQIA+ community, one as gay, the other as a lesbian. Both are White, cisgendered, and American. These lived experiences and perspectives surely shape the way we experience both the LGBTQIA+ community as well as the field of public and nonprofit studies. We did, however, follow the advice we offer in this brief essay.

Getting Real: Why Should We Care About the Queer Community?

The LGBTQIA+ community is a particularly vulnerable community stemming from the stigmatization, marginalization, social exclusion, and violence against members of the queer community. Moreover, in some countries, homosexuality is illegal, while in others it is punishable by death. In the United States, over one-third of LGBTQ Americans not only reported discrimination in 2019, but more than half hid or altered aspects of their personal or work lives to avoid discrimination (Gruberg et al., 2020). Over 30 states across the United States have proposed laws in 2021 targeting transgender children (Vagianos, 2021). Bathroom bills, which discriminate against transgender people and make public spaces unwelcoming, have been on the rise since 2014 (Murib, 2020). Though the U.S. Supreme Court, in the case of the *Bostock* decision, decided that transgender people are protected from discrimination due to sex (McCandless & Elias, 2021), discrimination of transgender people is still a major concern.

With regard to social and economic indicators, LGBT people were found to have lower income and higher food insecurity than non-LGBT people (Goldberg & Conron, 2019); and in a study conducted by the Williams Institute (n.d.) LGBTQIA+ people are more likely to be unemployed than non-LGBTQIA+ individuals. Studies have varied in reporting the percentage of the homeless population that identifies as LGBTQIA+, with some finding up to 30% of adults experiencing homelessness identifying as LGBTQIA+ (Ecker et al., 2019). Additionally, suicidality is significantly higher in the LGBTQIA+ community, with 42.8% of LGB and 40% of transgender individuals having considered or attempted suicide (James et al., 2016; Kann et al., 2016).

With a changing legal landscape coupled with the lack of social support facing LGBTQIA+ communities across the globe (Naylor, 2020; Weiss & Bosia, 2013), it is becoming more important than ever to not only research LGBTQIA+ communities but to also incorporate intersectionality into nonprofit research (Larson, 2021). To do so requires explicit attention to the language and terminology used to frame the inquiry. To that end, we offer the following practical advice.

Words Matter

From church groups to school groups as well as groups dedicated to LGBTQIA+ issues, it is not hard to find sections of their websites that talk about the importance of language. For example, GLAAD (Gay Lesbian Alliance Anti-Defamation) in its *Ally's Guide to Terminology* states, "The words we use to talk about lesbian, gay, bisexual and transgender (LGBT) people and issues can have a powerful impact on our conversations. The right words can help open people's hearts and minds, while others can create distance or confusion" (n.d., p. 1). The HRC (Human Rights Campaign) asserts that proper terminology allows for the telling of stories that depict people accurately and humanely, in ways that reflect the reality of their lived experience. Finally, as part of Pride Month celebrations, the Children's Home Society of Minnesota, part of Minnesota Lutheran Social Services, dedicated part of their *Words Matter Series* to defining "the growing vocabulary used to describe identity, gender, and sexuality" (Cain, 2020). In another contribution to the series, it is argued that by intentionally choosing current, positive, and supportive language, we elevate the people to whom the conversation matters the most (Creating A Family, 2021).

From a research perspective, language is essential not only because of its conversational and descriptive roles in the research process, but also because failure to use appropriate or affirming terms can have serious data collection and interpretation implications. For example, a research study meant to learn more about sexual behavior will not produce the desired result if the questions ask about sexual orientation. Similarly, as previously noted, using the acronym 'LGBT' if the research ignores the experiences of people who identify as transgender is a misrepresentation and is unacceptable. Making sure that correct language is used when studying and working with LGBTQIA+ populations can help both the researcher as well as support and affirm the queer community.

Intellectual Humility

At the core of every research project is an unanswered question; a desire to learn more than is already known. Yet, for some reason, perhaps related to academic training, the perception that faculty are experts, or because of personal lived experiences, the research process often begins with confidence that the researcher knows enough to find the answers to the questions posed. A core feature of academic training is that researchers should make every effort to assure objectivity in the research process. That is, that there be a clear separation between the producers of knowledge and the knowledge that is created (Lee & León, 2019). And while there is ample advice focused on making sure the research design, conduct, and reporting does not influence the outcome, there is very little attention paid to the kind of introspection and reflection necessary to achieve what we are referring to as intellectual humility.

While there is no clear consensus about what constitutes intellectual humility, much of the literature coalesces around the idea that intellectual humility is the "virtuous mean between intellectual arrogance and intellectual diffidence" (Church & Barrett, 2016, p. 71). That is, people are said to exhibit intellectual humility when they remain loyal to personally held beliefs while being open to the possibility of being wrong (Lynch et al., n.d.). Leary (2018) posits that intellectual humility is a mindset that encourages people to seek out and evaluate

ideas in ways that are less influenced by individual motives and more oriented toward discovery of the truth. In short, objectivity requires attention to both the way the research is designed, and the mindful thinking required to assess whether the researcher knows enough to find the answers to the things they are most curious about (e.g., is the terminology used supportive and affirming).

We argue that although practices such as reflexivity, positionality, and situatedness are often used to describe the methodological contexts that shape the process of doing qualitative research (Lazard & McAvoy, 2020); the reflecting, questioning, and evaluating done in pursuit of these practices can also be used to assure that individual researchers are thoughtful about the language they use when conducting research with and about the queer community. Reflexivity is a continuous process of reflection on the part of researchers as they consider how their values, social background, location, and assumptions shape the research process (Palaganas et al., 2017). Positionality refers to both a researcher's world view and the position they adopt within a particular study (Holmes, 2020). And finally, situatedness is the notion that personal experiences, roles, and statuses shape the way people interpret and respond to the world around them (Engelstad & Gerrard, 2005).

Under the broad umbrella of social perspective taking (Finefter-Rosenbluh, 2017), we briefly discuss each in turn and explain how the practices of reflexivity, positionality, and situatedness might be used to offer researchers an opportunity to “re-situate the starting point” of their research so that personal assumptions, beliefs, and practices can be acknowledged and addressed (Lee & León, 2019, p. 180). Social perspective taking encourages the researcher to consider alternative points of view thereby reducing the constraints of personal, professional, disciplinary, or other biased frames of reference. Finefter-Rosenbluh (2017) identifies three mental operations required to perform social perspective taking: activation, outreach, and synthesis.

Activation & Reflexivity

The mental process of perspective taking must be activated. That is, in order to accurately consider an alternative perspective, there needs to be intentional effort to examine phenomenon from another perspective. Methodologically, reflexivity typically involves examining personal judgments, practices, and belief systems within the broader context of the research process. It also involves challenging and articulating social and cultural influences and dynamics that affect this context. Yet the process of reflexivity could easily be activated earlier in the research process, at conceptualization, when researchers think and talk about what they want to study and why. In the context of working within LGBTQIA+ communities, this early reflexivity could involve asking simple questions at the beginning of the research process about whether supportive and affirming language is used throughout the research design; whether personal or implicit bias might be shaping the inquiry; or whether disciplinary knowledge is limiting a more sophisticated epistemic position.

Outreach & Positionality

Social perspective taking requires intentional and deliberate efforts to seek out the experiences or perspectives of others (Finefter-Rosenbluh, 2017). Seeking alternative perspectives requires awareness of the researcher's positionality relative to the research process. Researcher positionality embodies ontological assumptions (what is), epistemological assumptions (ways of knowing), and assumptions about human nature and agency (Holmes, 2020). Acknowledging positionality offers researchers an opportunity to reflect on areas of potential bias, consider the relevance of other perspectives, recognize complexity, and reduce the possibility of arriving at incomplete conclusions. Reflecting on positionality during research conceptualization may sensitize the researcher to the importance of seeking an alternative perspective or taking steps to learn the language, beliefs, or behaviors of those

participating in the research. For queer studies, finding or articulating positionality early in the research process could be an important part of adopting terminology that is supportive and affirming.

Synthesis & Situatedness

The third process required for social perspective taking involves a synthesis of multiple perspectives without imposing commonly understood meaning (Finefter-Rosenbluh, 2017). Beyond what researchers know and how they know what they know (positionality), in order to effectively integrate multiple perspectives, researchers must take into consideration how they are situated within the context of the research. Part of the situatedness construct is the notion of whether insiders to the culture being studied are advantageously positioned relative to outsiders (Finefter-Rosenbluh, 2017; Holmes, 2020). For example, Holmes (2020) describes an insider as someone whose personal biography or lived experiences provides knowledge of the group being studied, while an outsider has no such intimate knowledge. He further argues insiders worry that outsiders don't have the ability to competently understand the nuances of the culture; while outsiders worry that insiders will not be able to sufficiently detach, resulting in findings that are biased. Holmes (2020) concludes that insider and outsider roles are "both researcher and context-specific" (p. 7), providing examples of when the researcher might be both an insider (e.g., sharing some characteristic of the culture or group being studied such as religion or nationality) and an outsider on other dimensions (e.g., age, social status).

In her account of the comparison of two similar studies done at the same school, one by an insider and one by an outsider, Finefter-Rosenbluh (2017) concluded that "insider-researchers may obtain a broader study picture when considering the perspective of others" (p. 9). This finding has important implications for those who identify as part of the LGBTQIA+ community, namely that it is a diverse community, and being an insider in one dimension does not make you an insider in every dimension. Sophisticated epistemic knowledge is built by successfully balancing, accommodating, and integrating insights from multiple ways of knowing without any one perspective crowding out or dominating the others. When researchers explicitly acknowledge where they are situated within the research space, there are no insiders or outsiders, but rather what emerges is "a more transparent and nuanced inquiry picture" (Finefter-Rosenbluh, 2017, p. 9).

It is important that those engaged in research with and about queer communities reflect upon their engagement throughout the entirety of the knowledge production process, from the intellectually humble reflexive questioning at conceptualization about whether they have the requisite knowledge of the terminology used to frame their inquiry, to the methodologically rigorous processes used to design, conduct, and report the research are free from bias. Only then will they have done the 'deep personal work' required of public administration scholars to assure a goal of social equity and elimination of inequality (Blessett et. al., 2019; Larson, 2021).

Let's Kiki¹ About the Queer Communities

To do research that accurately represents the LGBTQIA+ community, it is imperative to understand the terminology and equally as important to have a clear idea about the contribution that will be made to the literature so that the questions asked reflect the intent of the research. For example, a researcher interested in sexual behavior should not ask exclusively about sexual orientation, particularly because sexual behavior is not always an indicator of sexual orientation. It may be the case that people who identify as heterosexual also have sex with people of the same gender (e.g., experimentation, the 'downlow' or DL community). Similarly, there is evidence to suggest that the hormones released during pregnancy and breastfeeding protect women from certain types of cancers. It may be wrong to

assume that a person who identifies as lesbian and reports only having sex with other women, never experienced pregnancy or childbirth.

Creating awareness and understanding of the terminology specific to the queer community is both essential to promoting a supportive and affirming research environment and assuring research is exploring the things that it is meant to explore. While certainly not exhaustive, the following is a list of terms and corresponding definitions related to gender identity, gender expression, and sexual orientation. However, we disclose three important disclaimers. First, anyone reading this article should recognize the dynamic nature of language and how it evolves over time. The terminology and research-related guidance we offer today, may become more specific and nuanced over time, particularly with increased attention, inquiry, and discovery. Second, it is important to note that many LGBTQIA+ groups (e.g., GLAAD, Human Rights Campaign, Parents and Families of Lesbians and Gays (PFLAG)) also publish language and terminology guides. Researchers would be well served to explore those sites prior to engaging with the queer community. And finally, both authors are from the United States and, therefore, the guidance we offer is suitable for research conducted within those borders. If researchers were to investigate queer communities in another part of the world, we encourage engaging with the kind of intellectually humble work suggested here to build a deeper knowledge of localized identities and terminology (see, for example, Epprecht, 2013).

Opening the Umbrella: Terminology and Diversity within the LGBTQIA+ Community

In this section, we explore the various definitions and terms associated with the LGBTQIA+ community in two distinct categories: sexual orientation and gender identity. Table 1 (Sexual Orientation) and Table 2 (Gender Identity) provide abridged versions of the definitions, as well as when these terms might be used and recommendations for application in public administration research. Building on other work, such as Meyer and Elias (2022), which encourage the addition of LGBTQIA+ individuals in nonprofit and public administration research and the queering of the field (Meyer et al., 2021).

Sexual Orientation

Sexual orientation can be complex because the term can be used to describe a person's sexual identification, sexual behavior, and to whom the person is physically or sexually attracted (gay/straight/bisexual/pansexual/asexual, etc.), all of which impacts how a person sees themselves and their sexual and romantic partner(s). For the research scientist, it will be important to know which of these attributes are of interest for study.

Sexual Attraction

Sexual attraction is about who a person finds to be sexually appealing. Attraction could be based in familiar gender binary constructs (male/female), or other aspects of a person (e.g., height, weight, hair color). Attraction could also include a lack of sexual desire. Attraction can be different from behavior and orientation specifically because having an attraction does not mean a person will act upon it.

Asexual

Not to be confused with abstinence, asexual is term used to describe the spectrum of people who are not particularly attracted to any person or who lack the desire to have sex. While some may consider asexuality a sexual orientation, others consider it a sexual behavior. Indeed, some asexual people (aces) have attractions to people, but not necessarily sexual attractions.

Table 1. Sexual Orientation

Term	Definition	When to Use?	Recommendations
Sexual Attraction	To whom a person is sexually attracted	To better understand who people are attracted to and how that might be different then how people act and identify	Questions about sexual attraction might ask what gender(s) a person is attracted to sexually; Sometimes, people may not be attracted to any gender sexually (asexual) but have romantic attractions
Sexual Behavior	With whom a person has sexual relations (e.g., intercourse)	To learn more about or explore sexual interactions	Questions around sexual behavior might be categorical, but may also be open ended to acknowledge the complex gender diversity that people experience
Sexual Identity	How people self-identify	To understand how a person thinks of themselves	Questions around sexual identity often ask how a person identifies on the LGBTQIA+ spectrum

Asexual individuals may be in relationships and engage in sex with those partners, despite the lack of attraction or desire for sex.

Sexual Behavior

Sexual behavior focuses on sexual activity. Though behavior and orientation are often considered to be synonymous, the reality is sometimes people’s behavior and orientation do not match. This disconnect is most notably seen in the downlow/DL community where men who identify as heterosexual but engage in intercourse with other men. When doing research focused on sexual orientation, it is important not to assign a sexual orientation or identity to people based on their behavior, but let them explain their identity, orientation, and behavior in a safe and supportive environment.

Sexual Identity

Identity is an individual's conception of themselves, such as homosexual, gay, lesbian, bisexual, pansexual, queer, heterosexual, or straight. While sexual identity and sexual behavior are closely related, they should be distinguished with identity referring to how someone thinks of themselves and behavior referring to the sexual acts performed by an individual. This is a personal identity which may evolve or change over time. Sexual identity is also cultural in nature; most of the terms referenced above are European based.

Bisexual

Bisexuality refers to being emotionally, romantically, or sexually attracted to more than one gender or gender identity (e.g., male, female).

Pansexual

Pansexuality refers to people who are attracted to people of all gender identities. While bisexuality focuses on the gender binary (male/female), pansexuality rejects the gender binary and emphasizes an attraction to people all across the gender spectrum.

Table 2. Gender Identity

Term	Definition	When to use?	Recommendations
Transgender	Someone whose identity does not fit into the gender they were assigned at birth	To learn more about those who identify as transgender	Use a two-part question that acknowledges the differences between sexual orientation and gender identity to better explore transgender identity (Meyer & Elias, 2022)
Nonbinary Genderqueer Gender Neutral	Someone who does not identify within the gender binary	When asking about gender	Include a genderqueer or nonbinary gender option on surveys; when interviewing, ask about pronouns, including 'they/them' or 'Zhe/Zhem' pronouns
Intersex	Someone who was born with reproductive or sexual anatomy that does not fit typical definitions for 'male' and/or 'female'	To learn more about the experiences of those who were born Intersex; can sometimes be used when discussing gender identity and expression	Include intersex as a survey response on gender identity and expression
Cisgender	Someone who identifies with the gender they were assigned at birth	To recognize the complexity of gender and gender identity	Add 'cisgender' to familiar male and female classifications (e.g., cisgender male, cisgender female)

Gender Identity

Gender identity refers specifically to how a person understands their gender and may or may not correspond to the gender assigned at birth. Familiar terms to describe a person who expresses themselves differently from what might be expected from their assigned gender at birth include gender non-conforming, gender variant, and gender diverse. Other terminology used when discussing gender identity include transgender, non-binary/gender queer/gender neutral, intersex, and cisgender.

Transgender

A term used to describe someone who does not identify with the gender they were assigned at birth. How a person expresses their transgender identity varies. Some people make the decision to have gender-affirming surgery, while others will adopt the social and behavioral norms associated with their gender identity. Terms to avoid (unless instructed otherwise) include transsexual/transvestite as they may be perceived as insults. It is also important to remember that transgender is an adjective, not a noun. People are not 'a transgender' nor are they transgendered. The point is that every individual expresses their transgender identity differently and researchers should be aware of those nuances. When in doubt, use the person's chosen name along with preferred pronouns. Providing a safe and welcoming environment

where individuals are encouraged and free to express their identity is essential for getting good information on gender identity.

Non-Binary/Genderqueer/Gender Neutral

These are terms used to describe individuals who identify in ways much more complex than can be understood by assigning the person to either gender. It may also be the case that a person may describe themselves as gender fluid, expressing or identifying themselves in different ways on different days. It is not uncommon for people who identify as non-binary, genderqueer, or gender neutral to prefer gender-neutral pronouns. These terms hold nuanced and complex meanings for people and should be explored in the context of any research project that seeks a deeper understanding of people along this dimension.

Intersex

This is an umbrella term for people who were born with reproductive or sexual anatomy that do not fit the typical characteristics associated with how we understand male and female. Examples include a person who is born with ambiguous genitalia; someone who is born with what appears to be female genitalia but with mostly male-typical anatomy on the inside; or someone who is born with 'mosaic genetics' (Intersex Society of North America, n.d.). It is important to note that intersexuality does not (on its face) denote a particular sexual orientation or gender identity, and some will live their entire lives with intersex anatomy without anyone (including themselves) ever knowing.

Cisgender

A term used to describe a person who identifies with the gender that they were assigned at birth. The term is often also shortened to 'cis.'

Conclusions

There are many social, economic, and political reasons to include LGBTQIA+ populations in public administration research (Blessett et al., 2019; Larson, 2021; Meyer et al., 2021). Expanding the field of public administration to include LGBTQIA+ populations not just as a separate population but as part of larger studies can help public administration research and practice to better support and affirm this vulnerable population. In this article, we ground an approach to intellectual humility in the familiar methodological language of positionality, reflexivity, and situatedness.

While we framed our logic under the broad umbrella of social perspective taking, encouraging researchers to consciously consider different ways of knowing all throughout the research process, we were particularly focused on the language used when the project is designed. This attention to language is just as important to researchers who identify as 'insiders' (e.g., those who identify as part of the LGBTQIA+ community) as it is for those who do not identify as part of the community. Moreover, the reflexive process of examining how personal assumptions, biases, and beliefs might affect research decisions including the selection and wording of questions is critical to producing high quality research. The process of writing a positionality statement not only provides readers with an open and honest disclosure of who the researcher is, how they see the world, and their relationship to the research, it also explicitly acknowledges that researcher positionality shapes the entirety of the research process from design to interpretation of data.

As public administration and nonprofit research makes strides to assure LGBTQIA+ voices are amplified and lived experiences are valued, it is essential that we do not further traumatize

an already vulnerable population with non-affirming language. Our hope is that researchers mitigate the harmful effects of implicit bias by using proper terminology and reflecting on the purpose of the research so that questions yield the desired data.

Notes

1. To kiki is to get together and chat or gossip.

Disclosure Statement

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The Routledge Companion to Nonprofit Management

Hans Peter Schmitz – University of San Diego

Anheier, H. K., & Toepler, S. (Eds.) (2020). *The Routledge companion to nonprofit management*. Routledge. \$250 (new hardcover) and \$52.95 (eBook). ISBN 9781138744462

Keywords: Nonprofit Management, Third Sector, Social Enterprise, Leadership

The Routledge Companion to Nonprofit Management, edited by Helmut Anheier and Stefan Toepler, offers a comprehensive guide to key current research insights regarding the core challenges faced by the third sector. This volume is best suited for advanced undergraduate students with some prior knowledge of theories of the nonprofit sector as well as nonprofit MA and PhD students interested in a condensed and up-to-date summary of key issues. Six major sections make up this volume, including parts on different regional contexts of nonprofit management, leading and planning, managing internally, managing externally, funding sources, and social enterprise. Anheier and Toepler frame these parts with an opening essay highlighting the growing relevance of nonprofits and NGOs as well as the key distinctive features separating them from corporations and governmental agencies. The first main section consists of eight chapters written by regional experts on the different contexts of nonprofit management. These chapters typically provide a brief historical background, a current status update, and a forward-looking perspective on major challenges for the sector as well as future research needs. Part II, titled 'Leading and Planning' takes on issues of board governance, leadership, and strategic management as key factors shaping the overall health and capacity of nonprofits. Part III considers major issues of managing nonprofits internally, including budgeting, volunteer management, and new information technologies.

Part IV shifts attention to what nonprofits typically manage externally, including collaborations, advocacy efforts, fundraising relations, and marketing. Part V dives then more deeply into the most important external relations most nonprofits have in raising the resources needed for their survival. In this section, some of the core sources of funding are covered, including individual giving, foundations, corporate donations, and government grants. Notably absent here is earned income which in many countries represents a significant, if not dominant, source of funding. The final main section of the volume highlights social enterprise as a relatively new space of nonprofit activities. This includes chapters elaborating on what social innovation is, how impact investing may change the sector, and what to make of new, hybrid organizational forms bridging the nonprofit and the for-profit organizational form.

The volume brings together solid and easily accessible summaries on many central topics prevalent in nonprofit research. The chapters serve as excellent first stops for anyone taking a

closer look at a specific nonprofit issue, but also offer more seasoned researchers an opportunity to quickly update their knowledge and find new leads in the references. The social enterprise section adds a crucial part by opening up the practice and study of nonprofit management to the possibility of fundamental disruption either because societal problems are approached through new strategies (e.g., social innovation) or because the institution of the nonprofit is being complemented or replaced by new organizational forms that are funded and regulated differently than the traditional charity model. Anheier and Toepler have written elsewhere about how policies regulating the nonprofit sector are central in understanding its struggles in many industrialized countries (Anheier & Toepler, 2019), and this would have been an excellent addition as a concluding chapter reflecting on the expanding knowledge base of nonprofits across the globe. While four of the five parts of the volume highlight 'best practices' as well as 'best research' on standard nonprofit management topics, broader questions about the role of the sector in societies raised in the first part could have been picked up again in a 'lessons learned' conclusion which moves us beyond the introductory essay. This is particularly important because managing nonprofits constantly raises broader issues of purpose and legitimacy, which do not arise in the same ways for profit-focused businesses or elected governments. As Anheier and Toepler explain in the introductory essay, many nonprofits are unique, as private actors, in claiming to contribute to the public good. This means that individual organizations can survive for extended periods of time based on their missions and donor support, even if the management of the organization falls short of advancing the overall goals (Seibel, 1996). Many chapters, including those on leadership and advocacy, offer insights into why truly competent nonprofit management entails significant capacities to think generatively and regularly re-evaluate what the organization is doing (Trower, 2012).

In some ways, the disconnect between what are 'best' management practices and what makes nonprofits more likely to accomplish their lofty missions is tied to the bias of research focused strongly on nonprofit sectors in the industrialized world. This volume is no exception to that. The regional focus of Part I stands in contrast with the rest of the chapters, which often draw their primary emphasis from the nonprofit experiences in Europe and the United States. While a few chapters allude briefly to non-Western contexts (e.g., on individual giving), the book reflects the continued dominance of Northern-based research. This reveals the major challenges any author or editor faces who wants to write about issues such as 'leadership' or 'volunteer management' not only across a diverse national nonprofit sector, but across vastly different nonprofit sectors in many regions of the world. Volumes such as the one reviewed here play an important role in diversifying these perspectives and legitimating alternative views on nonprofit management as it is tied to the overall purpose of a key sector of societies.

Disclosure Statement

The author declares that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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Between Power and Irrelevance: The Future of Transnational NGOs

Long Tran – Ohio State University

Mitchell, G. E., Schmitz, H. P., & Bruno-van Vijfeijken, T. (2020). *Between power and irrelevance: The future of transnational NGOs*. Oxford University Press, USA. \$35 (paperback). ISBN 9780190084721.

Keywords: Transnational NGOs, Power, Relevance

Between Power and Irrelevance: The Future of Transnational NGOs (TNGOs) is a distillation of nearly two decades of insights from three founding members of the TNGO Initiative at Syracuse University's Maxwell School of Citizenship and Public Affairs. The TNGO Initiative's research efforts (e.g., Hermann et al., 2012) have benefited many TNGO researchers including myself (e.g., Tran, 2020), many of whose findings are reflected in this book. The book also features an Afterword by Barney Tallack, former director of strategy at Oxfam International.

The book's central argument is that TNGOs, especially the traditional TNGOs based in the Western world, need to change radically in order to remain relevant in the future, but their ability to change is severely constrained by the TNGO sector's "forms and norms" (i.e., "the institutional and normative architecture in which TNGOs are embedded") (Mitchell et al., 2020, p. 9). The context for understanding this argument is presented in the first part of the book, from Chapter 1 to Chapter 5. These chapters begin by explaining that TNGOs need to change because their external environment is changing. Three major external trends are discussed, including geopolitical shifts like the rise of non-Western powers, growing demands for accountability and responsiveness, and the emergence of competing actors and solutions such as social enterprises and digital platforms. In other words, the favorable economic, political, social, and technological conditions that allowed TNGOs to become influential actors in global affairs in the past have increasingly faded away, exposing these organizations to mounting criticisms for being "uninvited, unelected, and unaccountable" (Mitchell et al., 2020, p. 16). In response to new environmental conditions and legitimacy expectations, many TNGOs have attempted strategic shifts such as by moving from direct service delivery to championing rights and entrepreneurship, from reactive advocacy to proactive campaigning, and from simple interventions to systems thinking. However, such efforts have been seriously hindered by the TNGO sector's legacy institutional and normative architecture. Limited by an archaic charity model that emerged historically as a mechanism for stewarding donor resources and not for fundamental societal transformation, many TNGOs these days suffer from an existential crisis and "a fundamental incongruity between the soul and the body" (Mitchell et al., 2020, p. 25).

The second part of the book, from Chapter 6 to Chapter 11, examines the potential of, respectively, modern digital technologies, enhanced evaluation practices, reformed

governance structures, new leadership models, strengthened collaborative efforts, and proactive mergers and acquisitions, as methods for addressing the challenges facing the TNGO sector. Each of these chapters also reveals how the antiquated institutional and normative conventions described earlier in the book may hamper TNGOs' endeavors to transform themselves. For example, traditional demands for minimized overhead spending often inhibit TNGOs from investing in better means of collecting outcome data, while traditional cultures of uniqueness often lead TNGOs away from considering merger and acquisition opportunities.

The final part of the book summarizes and offers some conclusions and commentaries on the main themes of the book. Chapter 12 cautions that some TNGOs, especially those that have become large, professionalized, and financially successful, may find themselves too comfortable with the status quo to proactively seek transformative and architectural changes. Refusing to change or attempting only incremental and reactive adaptations, the authors argue, may drive these organizations to a state of "successful irrelevance", i.e., "continuing to survive by satisfying the expectations of the architecture but without necessarily providing relevant solutions for those they claim to serve" (Mitchell et al., 2020, p. 233). This message is echoed in the Afterword by Barney Tallack, who contends that TNGOs can either "transform radically" to remain relevant in the future, choose that their existence should "end well" by handing over useful resources and capabilities, or let it "end badly" if staying in denial (Mitchell et al., 2020, p. 256).

Overall, this book is a solid culmination of a relative new line of research within the TNGO literature that adopts a managerial perspective to study TNGOs as organizations. This is an important contribution because although a trove of research, especially in international relations and political science, has explored the roles of TNGOs, "we know surprisingly little about them as organizations" (Stroup & Wong, 2013, p. 163). It is also worth commending that this book, just like many other research efforts coming from the TNGO Initiative, was strongly inspired and informed by TNGO practitioners' interests and insights, while managing to maintain academic standards for quality research. By striking a delicate balance between theory and practice and providing both theoretical ideas and practical recommendations, this book may entertain not just academic scholars and students but also TNGO leaders, employees, volunteers, donors, consultants, beneficiaries, regulators, and other stakeholders. Hence, despite certain limitations such as questions of generalizability or a lack of truly novel findings, this work deserves a place on the bookshelf of anyone who cares about the future of TNGOs.

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The author declares that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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