

BOOK REVIEWS

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The Nonprofit Sector: A Research Handbook (2nd ed.), by Walter W. Powell and Richard Steinberg. New Haven, CT: Yale University Press, 2006. 672 pp. \$65.00 (cloth).

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On the cover of the first edition in 1987, Stanley Katz predicted that this book would be “the bible of researchers on the nonprofit sector for the next decade.” He was right. The first edition remains useful even today. Still, this new edition is long overdue given the explosion of nonprofit research in the past 20 years. Here, the original editor Walter W. Powell is joined by Richard Steinberg and the two have produced a superb volume worthy of the reputation of the original.

Much has changed since 1987, so this volume necessarily serves a different purpose than the first. The first edition practically defined the field of nonprofit studies and virtually encompassed all that we knew about it then. This task would have been impossible for the second edition, despite its expansion in pages by 40%. So the editors wisely stuck closely to the original scope and template, changing a few major categories and expanding some of the topics.

A notable enhancement in the second edition is the attention to religion, a subject almost ignored in the original. Religion is addressed directly by Wendy Cadge and Robert Wuthnow and emerges prominently elsewhere, including chapters focused on historical perspectives, government-nonprofit relations, and tax policy. Furthermore, no explicit attention was given to membership associations in the first edition, a matter rectified in this volume by Mary Tschirhart’s excellent chapter.

Of interest, the first edition had a separate section on international comparative perspectives. The second edition wisely takes a different approach, recognizing that third sector research has become global. Although two chapters explicitly address international comparisons and transnational organizations, other chapters provide an international view on higher education, social care, religion, and foundations.

One major area addressed in the first edition that has been deemphasized in this volume is nonprofit management. However, chapters on mission and governance and the nonprofit workforce necessarily bear on management issues, whereas chapters on giving and volunteering, government relations,

nonprofits and markets, commercial activity, corporate collaborations, and the size and scope of the sector touch on the financing of nonprofit organizations.

One advantage of maintaining basic consistency with the first edition is that readers can trace the intellectual lines of thought from the early days of the field to the present. Although this approach highlights the progress that has been made, this strategy entails some sacrifice as well. The new edition follows the traditional nonprofit script for the most part, minimizing its excursions into other conceptualizations such as social enterprise, the social economy, social capital, and civil society. Not that these alternative notions are completely ignored; most do weave themselves into the book. For example, chapters on cross-national nonprofit sector comparisons and transnational nonprofit organizations inevitably allude to diverse notions of the third sector, especially where the American concept of nonprofit sector seems like a forced fit. The chapter by Patrica Gumpert and Stuart Syndman comes closest to arguing that the traditional multisector conceptualization of private, nonprofit, and public sectors has become irrelevant, at least in higher education. Still, if the first edition was indeed the nonprofit research bible, then the second edition is more like a refinement of the old testament than an expansive new testament that recognizes whole new schools of thought about the third sector.

The new edition is not simply an update of recent data and findings or a statistical abstract of the nonprofit sector. Still, one will find in various chapters new numbers on the size and scope of the sector, giving and volunteering, growth of international nongovernmental organizations (NGOs), and other relatively current statistics. Although the new statistics will lose their currency quickly, many chapters have wisely reported long-term trends and will remain useful in establishing baseline perspectives, even many years from now. Indeed, historical perspective is a particular strength in this edition. For example, there are two explicitly historical chapters, one by Kevin Robbins on traditions of Western philanthropy as well as an update of Peter Dobkin Hall's history of the U.S. nonprofit sector. Other chapters also strongly grounded in historical perspective include Jeremy Kendall's, Martin Knapp's, and Julien Forder's essay on social care; Gumpert's and Syndman's chapter describing the dramatic transformation of instruction and research in higher education since World War II; and John Boli's chapter on International NGOs (INGOs) tracing the development of INGOs throughout the 20th century.

In modest ways, several authors do introduce new ways of thinking about the nonprofit sector. For example, Anheier and Salamon are innovative in comparing the size and scope of the nonprofit sector in different countries by moving from simple comparisons of employment to representations of "volume" that simultaneously depict paid staff, volunteers, and members. This helps to rectify earlier dismissals of the significance of the sector in Scandinavia and other countries where civic engagement and associational life are relatively more important than service delivery by third sector organizations. Similarly, Galaskiewicz and Colman have expanded well beyond Useem's

survey chapter on corporate philanthropy in the first edition to frame a four-dimensional discussion of business-nonprofit relations that includes political, commercial, strategic, and philanthropic modes of engagement. Paul DiMaggio also expands his original framework on the arts to include arts programming embedded into other nonprofit fields such as schools and churches as well as minimalist arts organizations that have normally lurked below the radar of nonprofit researchers.

In the economic theory chapter, Steinberg not only synthesizes the “three failures” demand-side theories of the nonprofit sector enshrined in the first edition but also frames a more complete theory by integrating theories of entrepreneurship and the nonprofit firm into a supply-side explanation of how nonprofits respond to the latent demands created by market and government failures. Consistent with Steinberg, Eleanor Brown and Al Slivinski affirm in their chapter on nonprofits and markets that empirical research shows nonprofits to be not merely “for-profits in disguise” responding to a different set of constraints but that mission and alternative motivations do indeed make a difference in their behavior. By contrast, concerns about mission deflection and displacement lace the chapters on commercial activity by Howard Tuckman and Cyril Chang and on organizational change (renamed “Nonprofit Mission”) by Debra Minkoff and Walter Powell.

Laura Leete’s chapter on the nonprofit workforce addresses an important topic hardly touched in the first edition, offering a wonderful synthesis of research and theory on the full continuum of nonprofit labor from paid work to volunteering and even the trade-offs between gifts of time and money. Just as Brown and Slivinski and Leete illuminate the multifaceted behavior of nonprofit firms and workers, Lise Vesterlund’s chapter on why people give highlights the active debate among researchers on the degree to which charitable giving is driven by public versus private motives. Noting differences in results between experimental economics and those of traditional econometric studies, Vesterlund’s essay raises questions about the effectiveness of fundraising strategies that are based on demonstrating program impacts or outputs.

Clemens’s chapter on political theories of third sector organizations faces squarely such questions as how much a democratic society can tolerate associations that espouse undemocratic values—an issue with which the founding fathers of the U.S. themselves struggled. This chapter is one place where the author manages to break through the conceptual straightjacket of formal nonprofit organizations, even citing the tensions between hierarchical organization and democratic participation in civil society. In a similar spirit, Steve Smith and Kirsten Gronbjerg also paint a broader picture of nonprofit-government relations through the frameworks of civil society and social movements, accounting for both the mutually supportive and adversarial impacts of nonprofits and democratic government on each other.

The second edition updates John Simon’s original chapter on tax treatment of nonprofit organizations and also adds a more general discussion of the

legal framework of nonprofit organizations by Evelyn Brody. Brody masterfully describes that framework as a hodge-podge cobbled together from various strands of law applying to trusts, corporations, constitutional, regulatory, tax, labor issues, and so forth. In doing so, she suggests the growing urgency to reform and strengthen the legal framework in view of the many pressing problems confronting the sector. Her chapter is a “one-stop shop” to understanding a host of compelling contemporary nonprofit legal concerns about accountability, regulation, governance, donor control, divestment of assets, enforceability of pledges, prudent investment of assets, changes in mission, antitrust, and other matters. Meanwhile, Simon, joined by Harvey Dale and Laura Chisolm in the new volume, retains the original focus on the four policy goals of the tax system for nonprofits, consisting of the support, equity, regulatory, and border patrol functions. Certainly, this chapter is a helpful updating, but as the authors themselves lament, research has not kept up with the growing complexity of the issues surrounding federal tax policy: “The plain truth is that the various controversies that arise in tax policy relating to charity echo deeper and nearly intractable issues of public policy” (p. 294).

Not surprisingly then, public policy is a common strand running through many of the chapters, sometimes with an edge of skepticism. Wendy Cadge’s and Robert Wuthnow’s chapter on religion deals with church-state relations, political advocacy, charitable choice, and faith-based service delivery. Craig Jenkins’s new chapter highlights the rapid growth of nonprofit policy advocacy organizations and surveys the theories that explain their formation, the determinants of their structures and organizational maintenance strategies, and the impacts they have on the policy process, leaving the reader with some ambivalence about these organizations’ net contributions to American democracy. Kenneth Prewitt’s chapter on foundations, departing somewhat from Paul Ylvisaker’s documentary approach in the first edition, focuses heavily on the place of foundations in society and their relationships to the state, the policy rationales for their existence, the history of their development, and their methods and models for achieving social change. Despite foundations growing visibility in our society, Prewitt’s assessment of their impact is measured: “Foundations work at the edges of large-scale social change rather than cause those changes in the first place” (p. 372).

Five chapters address major nonprofit service subsectors, with varying emphasis on policy. Mark Schlesinger and Brad Gray revisit the question of ownership in health care (covered in the first edition by Marmor, Schlesinger, and Smithey) with an intense review of research throughout the past 15 years. They find that nonprofit versus for-profit status really does matter, but in complex ways that appear to vary with the type of health service, the stage of organizational development, and other factors not yet fully understood but clearly relevant to policy debates as to the future organization of health care in the United States. Two chapters address diverse aspects of social services and community care, just as in the first edition chapters were devoted to personal social services (Ralph Kramer) and neighborhood-based

organizations (Carl Milofsky). Jeremy Kendall, Martin Knapp, and Julien Forder offer an especially thoughtful discussion of the theory of social care as a relational phenomenon and its ties to the policy objectives of social integration and protection. Sarah Deschenes, Milbrey McLaughlin, and Jennifer O'Donohue focus on the special capacities of diverse local nonprofits to address the service needs of poor urban youth and emphasize the influence of public policy manifested through the definition and structure of government funding programs. Although Gumpert's and Snyderman's focus on higher education is narrower than Frank Levy's more general coverage of education in the first edition, it too is concerned with public policy, especially the implications of commercialization in the universities for public access to knowledge and instruction, national economic competitiveness, and financing and regulation of educational institutions.

Finally, Paul DiMaggio brings fresh data and new thinking to his original theme in the first edition: the division of arts activity among different sectors of the economy. Documenting the dramatic role of new technology in repositioning arts-related activity, the growing embeddedness of the arts into other service venues, and the blossoming of "minimalist" arts programs in the form of collectives, associations, and proprietorships, he calls for scrutiny of public subsidies to the nonprofit arts and the formulation of policies to address important social objectives such as community cultural development, preservation of cultural heritage, and promotion of artistic excellence.

Overall, the book is enjoyable, informative, and insightful; compact in its explications of broad areas of knowledge; invaluable as a reference and teaching text; and certainly indicative of the many new contours to our understanding of nonprofit organizations. If the first edition was written at a time when the field of nonprofit research was being discovered and defined, then this second edition appears when nonprofit research is growing explosively but still in turmoil, even to its definitional core. This second edition is a wonderful enhancement of that pioneering first edition, but there is still a second testament to be written. It is not for me as a Jewish kid from the Bronx to say what it should be—I'm still stuck in the first testament—but perhaps by the next generation of scholars, a new testament will be framed to complement this one. This is something for my graduate student associate in this essay, a practicing Christian minister, to think about, although not before he finishes his dissertation!

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