

Spring 2012

**Edu 377/ GSB 346/ Pub Pol 317/ Soc 377**

**COMPARING INSTITUTIONAL FORMS: PUBLIC, PRIVATE AND NONPROFIT  
4 Units**

**Date and Time:** Wednesdays, 9-11:50  
**Location:** Faculty Building East, E103, Knight Management Campus

**Instructor:** Walter W. Powell  
Professor of Education (and) Organizational Behavior,  
Sociology, Management Science and Engineering, and Public Policy  
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**Office Hours:** Wednesdays 2:00-3:00 and by appointment

**Teaching Assistants:** Jesse Foster ([jessefoster@gmail.com](mailto:jessefoster@gmail.com))  
Karina Kloos ([krkloos@stanford.edu](mailto:krkloos@stanford.edu))  
Valeska Korff ([vpkorff@stanford.edu](mailto:vpkorff@stanford.edu))

**Goals of the Course:**

The aim of the course is to offer greater insight into how nonprofit, private and public organizations differ in terms of their goals and capabilities. Primary attention is directed to the role of nonprofit organizations and their distinctive missions and strategies. In particular, we examine the “nondistribution constraint” and how it shapes the purpose and behavior of nonprofits. We focus on a variety of fields – health care, social services, culture, higher education – where there is substantial competition and overlap among organizations from different sectors. We will read some of the key theoretical treatments regarding the choice of institutional form, as well as recent research and cases. Students will learn through readings, class discussion, and development of a research paper that addresses questions of institutional form and organizational performance. The course is designed for masters’ students from SUSE, GSB, Public Policy, as well as PhD students and undergraduates with an interest in nonprofits. Some masters’ students have found this to be a challenging course because of the readings and level of abstraction. If you are looking for an easy elective, this is probably NOT the course for you. If you are genuinely interested in the nonprofit sector and/or and public service, then the effort you put in will be rewarded.

**Requirements:**

- 1.) Active class participation (30%). I expect students to come to class prepared to discuss the readings. You cannot be actively engaged in class if you are answering email or surfing the web, so don’t do it during class. Each week a group of students will be responsible for generating discussion questions about the readings, and guide the discussion of these questions. These questions should be in the form of a memo, distributed to the class on

Tuesday before the Wednesday class. **Please send the questions to my assistant, Tanya Chamberlain (tanyas@stanford.edu) no later than Tuesday noon.** I will assign students for each week.

- 2.) Short discussion memos (30%). For six of the sessions (you get to choose which ones), students will submit a one to two page paper summarizing their reactions to the readings. The memos are due by 9am, Tuesday, no exceptions. **Please send them to Valeska Korff, the TA, at vpkorff@stanford.edu.** The memo should respond to the readings thoughtfully. Several exemplary illustrations are posted on Course Works to give you an idea of what these memos should entail. One model for a good memo would include the following elements: a) a “wow” statement about an idea that you appreciated; b) a puzzle regarding an idea that you did not fully understand; and c) a thoughtful critique of a particular argument that you did not find persuasive.
- 3.) Research paper (40%). The paper should explore a contemporary organization that is developing or experimenting with a hybrid model which combines practices from different sectors. For example, One World Health is a nonprofit pharmaceutical company developing vaccines; Panera bread - a for-profit sandwich and soup chain - is experimenting with a pay as you go honor system; Google tried, unsuccessfully, to develop a for-profit foundation; Honest Tea is a for-profit committed to fair trade and healthy ingredients that was purchased by Coca Cola to great consternation by its customers. There are hundreds, perhaps thousands, of these dual-mission hybrids that pursue different aspects of social ventures. Many fail, some persevere. Your paper will examine a hybrid that you are interested in, explore which elements it uses from which sector and why, and assess its challenges and performance consequences. A one page proposal describing your organization is due May 9th. Final drafts are due no later than June 11<sup>th</sup>. Please turn in a hard copy; electronic submissions will NOT be accepted. The length is 12-15 pp.

### **Attendance:**

Students are expected to attend and participate in every class. We will take a short break at the midpoint of each class, thus students should not leave during class. No more than one class absence is permitted without a medical excuse. For each additional absence, the final grade will be dropped by one letter grade. I assume students are capable of monitoring themselves so I do not impose rules about internet activity, text messaging. But I and the TAs are observant, as are other students. If you spend class time surfing the web, you will be asked to leave and that class will count as an absence.

### **Readings:**

Peter Frumkin, *On Being Nonprofit*, Harvard University Press, 2002, paperback.  
Reading packet from Field Copy, fcp1@aol.com, (650) 323-3155.

Walter W. Powell and Richard Steinberg, *The Nonprofit Sector: A Research Handbook*, Yale University Press, 2006.

## **Schedule:**

### **Apr. 4<sup>th</sup>: Introduction, Course Overview, and Assignments.**

#### **Apr. 11<sup>th</sup>: Theory About Institutional Form**

Peter D. Hall, "A Historical Overview of Philanthropy, Voluntary Associations, and Nonprofit Organizations in the United States, 1600-2000." Pp. 32-65 in *The Nonprofit Sector*, 2<sup>nd</sup> edition, Yale University Press, 2006.

K.T. Wing, K.L. Roeger, and T.H. Pollak. "The Nonprofit Sector in Brief." Urban Institute, 2010. *In reading packet.*

Henry Hansmann, "Economic Theories of Nonprofit Organization," from *The Nonprofit Sector*, 1<sup>st</sup> edition. W. W. Powell, editor, Yale University Press, 1987. *In reading packet.*

Elisabeth Clemens, "The Constitution of Citizens: Political Theories of Nonprofit Organizations." Pp. 207-20 in *The Nonprofit Sector*.

Cynthia Gair, "If the Shoe Fits: Nonprofit or For-Profit? The Choice Matters." REDF report, 2005. *In reading packet.*

#### **Apr. 18<sup>th</sup>: Are Nonprofits a Distinct Form?**

Peter Frumkin, *On Being Nonprofit*, Chapters 1 and 2.

Jane Mansbridge, "On the Contested Nature of the Public Good," from *Private Action and the Public Good*, W. Powell and E. Clemens, eds. Yale University Press, 1998. *In reading packet.*

Burt Weisbrod, "Institutional Form and Organizational Behavior," from *Private Action and the Public Good*, W. Powell and E. Clemens, eds. Yale University Press, 1998. *In reading packet.*

Helmut Anheier and Lester Salamon, "The Nonprofit Sector in Comparative Perspective." Pp. 89-114 in *The Nonprofit Sector*.

#### **Apr. 25<sup>th</sup>: Health Care :**

Mark Schlesinger and Bradford Gray, "Nonprofit Organizations and Health Care," Pp. 378 – 414 in *The Nonprofit Sector*.

"A New Model for the Pharmaceutical Industry: The Institute for OneWorld Health," Case Study Series on Social Entrepreneurship, IESE Business School, 2005. *In reading packet.*

“Gilead Sciences, Inc.: Access Program.” Harvard Business School case 9-510-029, 2010. *In reading packet.*

### **May 2<sup>nd</sup>: Higher Education**

Patti Gumpert and Stu Snyderman, “Higher Education: Evolving Forms and Emerging Markets.” Pp. 462-484 in *The Nonprofit Sector*.

Diana Rhoten and W.W. Powell, “Public Research Universities: From Land Grant to Federal Grant to Patent Grant Institutions.” Ch. 10 in *Knowledge Matters*, 2010. *In reading packet.*

Burton Weisbrod, Jeffrey Ballou, and Evelyn Asch, *Mission and Money: Understanding the University*, Cambridge University Press, 2008, Chapters 1 and 15. *In reading packet.*

### **May 9<sup>th</sup>: Cultural Organizations**

Paul DiMaggio, “Nonprofit Organizations and the Intersectoral Division of Labor in the Arts.” Pp. 432-461 in *The Nonprofit Sector*.

Bill Ivey, “American Needs a New System for Supporting the Arts.” *Chronicle of Higher Education*, February 4, 2005. *In reading packet.*

Diane Ragsdale, “Recreating Fine Arts Institutions,” *Stanford Social Innovation Review* 7(4): Fall 2009, pp. 36-41. *In reading packet.*

“The Roundabout Theatre Company (A),” Harvard Business School Case 9-302-097, 2002. *In reading packet.*

“Network of Ensemble Theatres,” Yale School of Drama case, 2009. *In reading packet.*

### **May 16<sup>th</sup>: Social Services**

#### ***Proposals for final paper due.***

Peter Frumkin, *On Being Nonprofit*, Chapter 3.

Nancy Rosenblum and Charles Lesch, “Civil Society and Government,” ch. 23 in *The Oxford Handbook of Civil Society*, 2010. *In reading packet.*

Steven Rathgeb Smith, “Social Services.” Pp. 149-186 in *The State of Nonprofit America*, L. Salamon, ed., Brookings, 2002. *In reading packet.*

Alexander von Hoffman, “The Test of Transition: The Case of the Community Preservation and Development Corporation.” Harvard Kennedy School case 1923, 2010. *In reading packet.*

### **May 23<sup>rd</sup>: Advocacy, Values, and Faith**

Peter Frumkin, *On Being Nonprofit*, Chapter 4.

Theda Skocpol, "What We Have Lost," Chapter 6 in her *Diminished Democracy: From Membership to Management in American Civic Life*, Univ. of Oklahoma Press, 2003. *In reading packet.*

N.M. Robertson, "Kindness or Justice?" from *Private Action and the Public Good*, W. Powell and E. Clemens, eds. Yale University Press, 1998. *In reading packet.*

Debra Minkoff and W.W. Powell, "Nonprofit Mission: Constancy, Responsiveness, or Deflection?" Pp. 591-611 in *The Nonprofit Sector*.

Pierre Omidyar, "EBay's Founder on Innovating the Business Model of Social Change." *Harvard Business Review*, September 2011, pp. 41-44. *In reading packet.*

### **May 30<sup>th</sup>: Managerial Behavior in the Public, Private and Nonprofit Sectors**

Deborah Sontag, "Who Brought Bernadine Healy Down?" *New York Times Magazine*, Dec. 23, 2001. *In reading packet.*

Mark Moore, "Managerial Imagination." Pp. 13-21 in his *Creating Public Value*, Harvard University Press, 1995. *In reading packet.*

William Foster and Jeffrey Bradach, "Should Nonprofits Seek Profits?" *Harvard Business Review*, Jan-February 2005. *In reading packet.*

"Minnesota Public Radio: Social Purpose Capitalism," Stanford GSB case SI-92, 2006. *In reading packet.*

Jim Fruchterman, "For Love or Lucre," *Stanford Social Innovation Review*, Spring 2011, pp. 42-47. *In reading packet.*

### **June 6<sup>th</sup>: Measuring and Valuing Performance that is Hard to Measure**

Peter Frumkin, *On Being Nonprofit*, Chapters 5 and 6.

Paul DiMaggio, "Measuring the Impact of the Nonprofit Sector on Society is Probably Impossible but Possible Useful." Ch. 15 in *Measuring the Impact of the Nonprofit Sector*, 2002. *In reading packet.*

"EMCF: A New Approach at an Old Foundation," HBS case 9-302-090, 2002. *In reading packet.*

"Acumen Fund: Measurement in Impact Investing (A)," HBS case 9-310-011, 2010. *In reading packet.*

Jeffrey Bradach, Thomas Tierney, and Nan Stone. "Delivering on the Promise of Nonprofits."  
*Harvard Business Review* Dec. 2008, pp. 88-97. *In reading packet.*

***Final draft of paper due (hard copy): June 11<sup>th</sup>.***