Balancing Civic and Market Functions:

A Study of Nonprofit Arts Organizations

by

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Abstract

Much has been written about the dual roles played by nonprofits in delivering social services and in promoting civic engagement. Yet little is known about how nonprofits balance these sometimes conflicting aims, and even less is known about specific factors that shape the degree of involvement of nonprofits in the market place of service provision or in the community space of a democratic civil society. Using a mixed methods approach, this dissertation explores factors that promote or deter the engagement of 501c (3) nonprofit arts and cultural organizations in both civic and market functions.

Drawing on in-depth interviews with executive directors at 21 nonprofit arts organizations across the US, this study identified key factors that may account for engagement in civic and market functions: organizational culture, leadership, networks, institutional norms, operational capacity, and the nature of the community. To systematically test these grounded hypotheses, questionnaires were administered to executive directors of 3,129 randomly selected US nonprofit arts organizations. A total of 909 completed survey responses were then merged with financial data on each organization from the IRS Forms 990, as well as US Census Bureau data on the surrounding counties.

Overall, the nonprofits surveyed reported more involvement in market functions than in civic functions. The regression analyses suggest that nonprofit arts organizations are civically more involved when they experience greater influence of volunteers and funders. Most importantly, engagement in diverse and expansive networks is strongly associated with high levels of civic engagement, consistent with the qualitative interviews. Not surprisingly, organizations that perceive stronger emphasis on civic affairs placed by

peer organizations tend to show a greater involvement themselves in civic functions. The impacts of these factors, however, vary across 10 different types of arts and cultural organizations.

The analytic results provide some evidence that executive directors' personal values are closely related to these organizations' approach toward civic issues. Also, civically less engaged arts organizations appear to be in financially worse position. Although these findings are based on the arts and cultural sector, the results have implications for other nonprofit subsectors and provide implications for the role of nonprofits in general.

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CHAPTER ONE: INTRODUCTION

1. 1. Changing Context of the Nonprofit Sector

The conventional image of nonprofit organizations is one of charities helping the poor. Joassart-Marcelli (2012) concludes that little has changed since Diaz (2002) once said "contrary to conventional wisdom, by and large, the nonprofit sector does not address the needs of the poor and disadvantaged very well." The discrepancy between the image of nonprofits as benevolent and these findings may be attributable partly to the fact that there are many roles nonprofits assume these days. Some nonprofit organizations certainly exist to engage in charitable activities, but they arise also to provide certain services that cannot be fully produced by other institutional arrangements. A better understanding of the economic reasons for the creation of nonprofits can help us apprehend the multiple roles the sector plays, in addition to the ingrained image of a traditional charity.

The nonprofit sector plays a vital role in public and social service delivery. They provide many services including health care, higher education, arts and cultural, science, and many other important social benefits (Blackwood et al., 2012; Salamon, 2012). The free market does not provide enough social goods and services nor efficiently allocates resources, as well understood by the concept of "market failure" (Downs, 1967; Niskanen, 1971). Government provides public goods and services that are not provided by the market, but even government cannot satisfy heterogeneous demands for the levels, qualities, and types of collective goods. According to this "government failure" perspective, nonprofits exist to fulfill needs left unsatisfied by both the market and government using voluntarily raised resources (Douglas, 1987; Hansman, 1987;

Weisbrod, 1988). Those whose preferences differ from the majority voluntarily provide resources to create nonprofits that serve diverse clientele groups with different varieties of service. The "contract failure" theory can be applied to justify how nonprofits emerge as a solution for market failure in areas where government and market services are limited. Nonprofit organizations cannot distribute profit to stakeholders and such constraints make the form of nonprofits more reliable than for-profit businesses to provide quality services where government provisions are limited, but services are difficult to access by those paying for them. Typical examples are day cares or senior health centers (Hansmann, 1987). The public-nonprofit perspective (Salamon, 1995) claims that the nonprofit sector is also limited because voluntary resources are often insufficient and organizations are vulnerable to the influence of the privileged few, and the existence of philanthropic amateurism. While the "government failure" perspective highlights the nonprofit sector supplementing government services, this "voluntary failure" perspective focuses on the public-nonprofit complementary relationships. In partnerships, government wants to increase the capacity of social service delivery and nonprofits gain financial resources (Grønbjerg, 1993; Salamon, 2012). In short, nonprofit organizations may emerge to supplement addressing unmet demands, but they also build interdependent relationships with government (Kim, 2013; Young, 2006). These nonprofits, private entities serving public purposes, receive tax-exempt status for their contribution to the community and rely on contributed income to operate (Alexander, 1999; Frumkin, 2005; Skocpol & Fiorina, 1999).

When the scope and scale of government significantly expanded during the New Deal, the nonprofit sector experienced commensurate growth as a distinctive sector (Hall,

2010; Hammack, 2002). The simultaneous growth of the two sectors is closely connected and arises from government programs that stimulated nonprofit activities, such as tax deductions for donors, exempt-status for nonprofits, or voucher programs like the G.I. Bill. Increased grant programs and contracts in the post-war era accelerated growth and the nonprofit sector emerged as a central mechanism for social service provision during the wake of the Great Society in the 1960s (Salamon, 1995). Increasing government assistance through programs like federal student loans, Medicare, Medicaid, the National Institutes of Health, the National Science Foundation, National Endowments of the Arts, and other federal programs have been the chief engine of the sector's growth (Hammack, 2002). As a result, over 90 percent of current nonprofit organizations were founded after 1950 and the extent of nonprofit revenues coming from government sources grew enormously by the 1980s, particularly for those in education, human service, and health care industries (Hall, 2010; Salamon & Abramson, 1982; Salamon, 1995). Budget retrenchment during the Reagan administration in the 1980s led to a decline in funding for the nonprofit sector, while private contributions also declined (Hodgkinson & Weitzman, 2001; Salamon, 1995). Despite these challenges, the nonprofit sector continued to grow in order to meet the greater need for services, and the sector continued to escalate during the New Public Management (NPM) movement (Hall, 2010; Salamon, 1995, 1997; Steurele & Hodgkinson, 2006).

The new public management wave advanced the devolution of a substantial amount of public service provision to mostly nonprofits and some for-profit companies with the goal of efficient and responsive government (Eggers & O'Leary, 1995; Kettl, 2002; Frederickson & Smith 2003; Meier & Hill, 2005; Salamon, 1995; Van Slyke, 2003).

Concurrently, the nonprofit sector dramatically expanded due largely to an expansion of government programs and the use of nonprofits as intermediaries or contractors (Hansmann, 1987; Hall, 2010; Steurele & Hodgkinson, 2006; Salamon, 1995). Some scholars (Kettl, 2000; Salamon, 2002) have even claimed that most public values are no longer directly created by government. The trend of public-nonprofit collaborative public management is likely to continue, if not expand, despite concerns about the over-reliance on third-party agencies for public service delivery (Goldsmith & Eggers, 2004; Kettl, 2006; McGuire, 2006; Stoker, 2006).

At one time, government provided public assistance mostly in the form of grants and contracts directly awarded to nonprofits, but a substantial share of support now comes from service recipients who can choose the provider, through such means as voucher programs, tax expenditures, tax deductions, and loan guarantees (Grongbjerg & Salamon, 2012; Salamon, 2012). Such programs or tools existed before, but the increase in consumer subsidies rather than in provider subsidies prompted for-profit businesses to become increasingly involved in fields traditionally occupied mostly by charity groups. These developments consequently required nonprofits to operate more efficiently in order to be competitive. Nonprofit organizations began adopting entrepreneurial attitudes in their effort to remain competitive with business enterprises (Dee & Anderson, 2004; Hall, 2010), and as a result, the boundaries between public, private, and nonprofit sectors have become blurred (again, but in different ways from the past). For instance, many nonprofits are now engaged in activities that generate enough profit to make them self-sustainable, while nonprofits increasingly produce publicly funded services (Frumkin, 2005). Meanwhile, private giving as a share of national income has decreased despite the

growing number of nonprofits in need of private support (Salamon, 2012; Young et al., 2012). The 2008 economic crisis especially challenged nonprofits to adopt more market-based approaches and increase programs that can generate more commercial revenue. In short, nonprofits today increasingly face obstacles that require them to adjust their business model.

Paradigm shifts have occurred in public service delivery from traditional public administration to New Public Management (NPM) and now to Public Value Management (PVM) and so did the modes of service delivery (O'Flynn, 2007; Stoker, 2006). PVM is characterized by the emergence of networked governance and the need for inclusion of citizens in the deliberative process of public affairs. Relatedly, there have been increasing calls for meaningful citizen participation in public sector decision making in recent years (Box, 1998; King, Feltey, & Susel, 1998; King & Stivers, 1998; Schachter, 1997). Rapidly changing socio-political and economic conditions make it harder to create a single, best institution to address complex social problems and work through uncertain environments. When there are multiple stakeholders involved in public service delivery, there could be clashing values and conflicting priorities. Public value proponents assert that citizen involvement could help guide public managers and network providers to identify the public interest (Bozeman, 2007; Denhardt & Denhardt, 2003; Nabatchi, 2012; Stoker, 2006). The term "public value", which was coined by Moore (1995) and refined as "public values" by Bozeman (2007), should be properly identified to make decisions that best reflect public interest. Consequently, promoting active citizen participation became ever more important to aggregate pluralistic public values to form a political consensus and to address public value pluralism and secure accountability, especially in

much contested areas (Nabatchi, 2012; Stoker, 2006). In short, public managers now need to work through networks of multiple stakeholders, and part of the networked governance discussion includes the public value management paradigm, suggested as an alternative paradigm to the more utilitarian market-oriented new public management.

Despite the increased attention paid to citizen participation, studies show systematic inequalities in participation closely related to cultural and socioeconomic differences (Rosentone & Hansen, 1993; Verba & Nie, 1972). Citizens with greater resources in terms of available time, wealth, and educational background tend to participate at higher levels in public affairs (Brady et al., 1995; Verba et al., 1993). In order to have broader participation in public affairs, it is important to develop mechanisms through which every citizen has equal opportunities to participate in public dialogue. It becomes an important task for public managers. There are skeptical perspectives on whether those actively engaged in public affairs represent the values of the entire community and whether a majority of Americans can meaningfully participate (Fiorina, 1999; Smith & Huntsman, 1997). While there are many types of citizen engagement in public affairs, it is certain that civil society is the foundation on which political and civic participation can be cultivated (Cooper et al., 2006). Nonprofit organizations have been considered the foundation of civil society since early American history, even though the sector should not be mistaken as all of civil society (Edwards, 2009; O'Connell, 1999).

While nonprofit service delivery is important given the combination of four types of failures (market, government, contract, and voluntary), nonprofit organizations provide citizens with social capital, civic skills, habits of participation, and a space for public

deliberation (Putnam, 2000; Verba et al., 1995; Warren, 2001). Indeed, participation in associations, foundations, and voluntary initiatives has long been perceived as the arena in which active political and civic participation can be cultivated and reciprocal cooperation is nurtured (Cooper et al., 2006; Putnam, 2000; Warren, 2001). Thus, the role of nonprofits in a civil society should receive as much attention as the sector's service role.

1. 2. Purpose of the Study

Over the last few decades, the nonprofit sector in the U.S. has increased in size, scope, and significance. The sector now accounts for nearly 10% of the nation's workforce and the nonprofit sector grew 25 percent between 2001 and 2011. With it, employment in the sector grew 18 percent, faster than the overall US economy (Blackwood et al., 2012; Salamon, 2012). Such growth changes the role of nonprofit organizations, especially given increasing government reliance on nonprofits to deliver public services through grants and contracts (Gronbjerg, 2001; Salamon, 1995). The increasing numbers of nonprofits means more limited resources available for each and, in turn, increasing pressure for businesslike imperatives, such as being financially sustainable and focusing on efficient performance outcomes. This changing environment confronts nonprofits with the dilemma of balancing their role as a key institution of civil society with the imperative of survival in a market economy.

Nonprofit organizations are now challenged to operate as professional service organizations due to the growth in government subcontracting to nonprofits for public

services as well as increased competition for limited resources. They are also expected to establish a financially self-sustainable system in order to minimize their dependency on external unpredictable resources (Pfeffer & Salancik, 1978). And yet their traditional role as a mechanism for a healthy civil society is ever more significant. There is the ongoing call for stronger citizen participation in public affairs that crucially depends on the civic function of nonprofit organizations. Some scholars, however, have raised concerns that nonprofit organizations are increasingly adopting businesslike operations (Backman & Smith, 2000; Eikenberry & Kluver, 2004). Skocpol (2003) has argued that recent professionalization of the nonprofit sector has decreased the extent to which voluntary associations serve as vehicles for civic and political engagement. The growing trends of marketization and commercialization in the nonprofit sector are necessary to cope with increasing competition over limited resources, but the commercialized and businesslike nonprofit activities may compromise their ability to bring social changes and assist the underserved (Backman & Smith, 2000; Eikenberry & Kluver, 2004; Grongbjerg & Salamon, 2012). Eikenberry and Jensen (2012) note that recent changes with privatization of public service, professionalization of voluntary organizations, and marketization in the nonprofit sector, made nonprofit programs less interested in community building or cultivating civic capacity and more concerned about serving specific clients. It should be noted that marketization or commercialization of the nonprofit sector surely brings benefits to the operation of nonprofit organizations, such as greater efficiency or better targeting clientele who have the greatest need for services (Young et al., 2012).

Broadly speaking, nonprofit organizations now must serve dual purposes: professional providers of services in a market economy, and vital crucibles of civil society. Unfortunately, too little attention has been paid to how nonprofits balance their market and civic functions. Thus, it would be beneficial to have a realistic assessment of how nonprofits balance their dual role in the market economy and civil society. Salamon (2012) asserts that the challenge of reconciling the dual purposes of the nonprofit sector is not new. He observes, "from earliest times nonprofits have been what sociologists refer to as 'dual identity,' or even "conflicting multiple identity," organizations (p.3). Some theoretical perspectives of nonprofits recognize that the tension between managing in a market economy and practicing crucial civic functions are inherent and thus cannot be resolved without compromising one or the other (Frumkin, 2005; Jagers & Beyers, 2010; Sanders, 2012; Young, 2005).

This raises the question: What conditions and factors influence the way nonprofits balance their market and civic functions? This dissertation examines the circumstances under which organizations become more civic-oriented versus market-oriented, although it should be acknowledged that it is often hard to draw a clear borderline between the two. Understanding the factors can assist both nonprofit practitioners and scholars to better understand what it to be "nonprofit-like" in a market economy (Light, 2001). Figure 1-1 summarizes the conceptual framework of this study. The study identifies and explores what factors assist or inhibit nonprofit performance in their various functions. It focuses on the particular case of nonprofit arts and cultural organizations across the United States. Source materials include interviews with executive directors, analysis of data from the

National Center for Charitable Statistics and the US Census, and results from an original

survey of 909 nonprofit arts and cultural organizations across the country.

Figure 1-1. Purpose of the Study
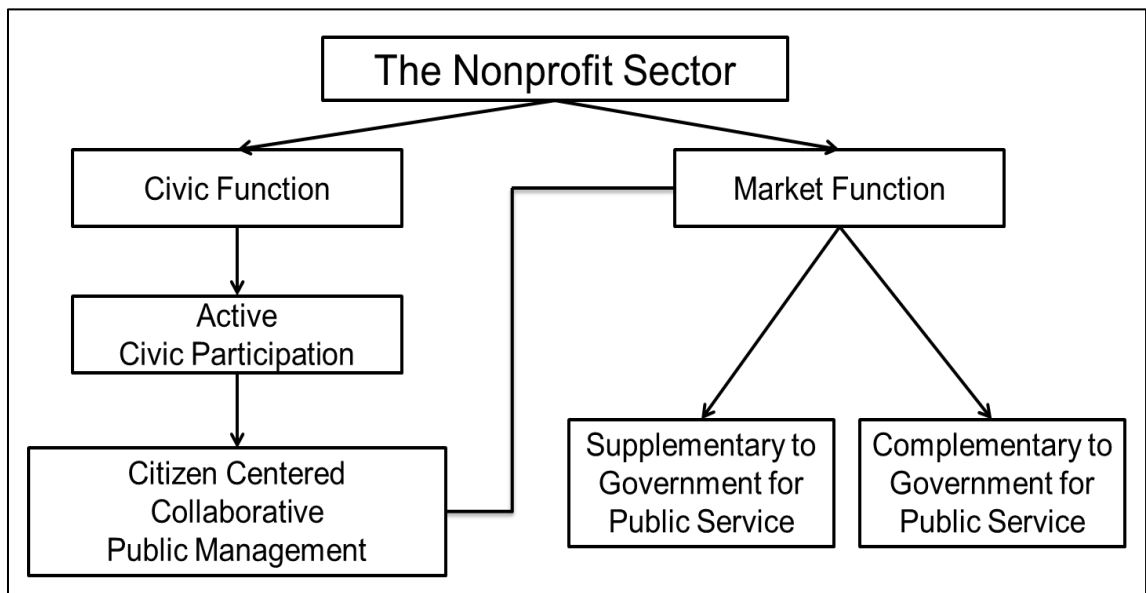
The nonprofit sector covers a broad range of organizational types and disciplines.

This dissertation focuses on nonprofits registered with the IRS as 501c (3) public

charities. 501c (3) organizations, including public charities and supporting organizations

such as community foundations, are eligible to receive tax-deductible contributions and

are exempt from federal income taxes, and oftentimes state taxation. They are prohibited

from supporting political candidates and from engaging in substantial lobbying activities

(Hopkins & Gross, 2010). In the remainder of the discussion, the term nonprofits will

generally refer to these 501c (3) service organizations that account for over 70% of the

entire nonprofit sector (NCCS, 2010). This study focuses on just one of the five major

nonprofit subsectors—arts and cultural organizations—across the United States. The

nonprofit arts and culture subsector constitutes roughly 10% of the entire nonprofit sector (Blackwood et al., 2012). The selection of this subsector was made partly because of the increased interest in the public value of arts as a way of promoting civic engagement (Borwick, 2012; Putnam & Feldstein, 2003).

1. 3. Significance of the Study

Given that nonprofit organizations are continually pulled by market forces while focusing on non-marketable programs, balancing commercial service functions and civil society roles can be challenging. Nevertheless, if not well balanced, nonprofits may be questioned for the legitimacy of having tax-exempt status or lose their unique identity in a civil society.

This study is the first comprehensive empirical study that examines how nonprofit organizations balance their various roles given in the face of conflicting structural, managerial, financial, and environmental factors. It also contributes to research on the role of nonprofits. There are some theoretical works that discuss various functions that nonprofits are expected to fulfill. However, little empirical study has been conducted to examine how nonprofits balance different functions, although there are works that look at individual aspects of nonprofit roles. This study provides a thorough, empirical investigation of how nonprofits balance different roles incorporating a mixed methodological approach. The analytic results are based on interviews with nonprofit directors, an original survey of a large number of organizations, and the use of secondary data to cover a wide range of information.

Most importantly, this study extends our understanding of the role of the nonprofit sector and their relationship to the market and government. Nonprofit managers as well as policy makers seeking to design and implement programs focused on nonprofit prominence in a civil society or be competitive in the markets can benefit from the analytic results of this study.

1. 4. Outline of the Dissertation

Chapter 2 begins by reviewing the literature the market and civic functions of nonprofits. After discussing factors influencing each role, a set of hypotheses is presented. Chapter 3 explains the setting of the research, which is the nonprofit arts sector, and describes the mixed-methods approach of the study. Chapter 4 reports findings from 21 in-depth, qualitative interviews with directors at nonprofit arts organizations. Chapter 5 presents results of an original survey of 909 nonprofit arts and cultural organizations, augmented with data from the National Center for Charitable Statistics (NCCS) and the US Census Bureau. The last chapter discusses implications of this study's findings for the theory and practice of the nonprofit sector.

CHAPTER TWO: LITERATURE REVIEW AND HYPOTHESES

This chapter provides a survey of relevant literature and theoretical foundations for this study. It begins with a brief review of America's non-profit sector and the various roles it has played throughout its history. Then it reviews the perspectives of the two most prominent scholars (Frumkin, 2005; Salamon, 2012) on various roles of nonprofits. The chapter continues to review how various nonprofit roles can be measured, followed by a series of hypotheses about the factors influencing nonprofit involvement in civic and service functions.

2. 1. Previous Research on Functions of Nonprofits

Citizen Engagement & Social Capital

Early in the 19th century, Alexis de Tocqueville documented the voluntary associational life in the U.S. where active participation in public affairs has been observed (Hall, 2008; Tocqueville, 2004). Historically, participation in voluntary organizations is thought to nurture civic skills and improve individual capacity for political participation, as well as strengthen social trust (Putnam, 2000; Verba et al., 1995). Individuals can learn and enhance vital civic skills by participating in group deliberations to reach a consensus or by running small group meetings. Social capital theorists similarly claim that voluntary associations foster social trust and reciprocity, which enhances political participation, ultimately contributing to a healthy democracy (Brehm & Rahn, 1997; Stolle & Rochon, 1999). Some civic engagement activities

through nonprofits may represent the civic activity of particular groups. For such reason, Schneider (2007) notes that the concept of social capital and civic engagement should be distinct despite the fact that high levels of social capital is often found to be strongly associated with the high levels of civic engagement. Similarly, it should be noted that fostering cooperative networks through formal and informal opportunities at nonprofits are only successful if ongoing interactions with fellow community members continue (Backman & Smith, 2000). Also, the nonprofit sector can serve as a school of democracy where people develop civic virtues and learn citizenship only when these organizations are governed democratically (Schachter, 2011).

Value Expression

The nonprofit sector provides a mechanism for donors, volunteers, trustees, and staff to translate their commitments and values into concrete actions by voluntarily participating in and supporting nonprofit activities (Jeavons, 1992). Donor motivation theories support the desire to express oneself through the institutional mechanism— giving to nonprofits whose value they associate with and admire (Andreoni, 1990). After all, nonprofits exist only due to the generosity of those who are willing to provide them with the necessary resources (Clemens, 2006).

Political Advocacy

Nonprofit organizations are discussed for its crucial and active role in governance, shaping both the formulation and implementation of policy through advocacy. Discussion includes their participation in dialogues with governments, monitoring government

actions, legal advocacy, calls for collective actions such as boycotts and demonstrations, and others (Boris & Maronick, 2012; Jenkins, 2006). Nonprofits can provide a voice for underrepresented groups to "correct imbalanced political representation by ensuring that a broader set of interests are voiced" (Jenkins, 2006, P.308). It should be noted that substantial lobbying activities are prohibited for the majority of the nonprofit sector, 501c (3) tax-exempt organizations (Boris & Maronick, 2012; Hopkins & Gross, 2010). Even though their political activity is somewhat limited, nonprofit activities can occasionally stimulate political participation by raising civic awareness (Berry, 2005; Berry & Arons, 2005; LeRoux, 2007, 2012). Since they serve a wide range of constituents and are engaged in direct contacts with them, nonprofits have the capacity of better understanding and addressing the needs of underrepresented groups (Berry, 2005).

Widespread Misperception

There is often misunderstanding about the extent to which nonprofit organizations can participate in political activities. Nonprofit public policy advocacy differs from lobbying elected officials or others who can influence policy decisions in a particular way. 501c (3) nonprofit organizations may not endorse candidates, not donate money or resources to candidate, and not rate on single issues or candidates. Yet, they can conduct nonpartisan civic engagement activities to educate the public and help them participate in public affairs such as promoting voter registration. Nonprofits are rather encouraged to engage in promoting ideas to influence public policy changes, which could bring a profound impact on the lives of general public (Avner, 2010; Berry, 2005; Berry & Arons, 2005). Berry (2005) argues there seem to be widespread misunderstandings with regard

to the limit of nonprofit participation in political affairs because the current 501c (3) tax code allows nonprofits to interpret the restriction for a substantial amount of political or lobbying activities in their own way. He contends that such a situation limits nonprofits from functioning as an effective mechanism to raise public attention to the issues of the underrepresented.

Decline in Citizen Participation and Nonprofit Organizations

Some scholars have however begun warning that a decline in general civic and political participation is taking place in contemporary America (Macedo et al., 2005; Putnam, 2000). Not to mention the continuously declining rates of voter participation, Americans spend less time interacting with each other and participate less in many conventional voluntary associations, like PTAs or the Elks clubs (Putnam, 2000). A number of scholars, on the other hand, call attention to the broadened ways citizens engage in public affairs (Dalton, 2008; Norris, 2002; Stolle et al., 2005; Wuthnow, 2002; Zukin et al., 2006). Zukin and his colleagues (2006) show new forms of civic and political involvement of younger generations that might not have been observed in previous studies. They distinguish citizen engagement into political engagement that has to do with the "intent or effect of influencing government action" (p.6) and civic engagement that focuses on "problem solving and helping others" (p.7). They conclude that younger generations show no fewer levels of civic engagement if not higher, compared to the older generations, although they do display substantially less involvement in traditional political engagement such as voting or contributing money or time to political groups. Their measurement of civic engagement includes activities such

as "working with others in one's community to solve a problem; participating in a walk, run, or bicycle ride for charity; other activities to raise money for charitable causes; doing volunteer work for non-electoral groups on a regular basis; and active participation in a group or organization" (p.72). Their findings pose questions whether the phenomena could be the results of government devolution, privatization, and most of importantly, the growing importance of the nonprofit sector that younger generations may have noticed. Also, the blurred line between public and private sector could have led to the blurred distinction between political and civic engagement.

Nonprofit organizations increasingly appear as a key pathway to citizen engagement and have potential as partners in efforts to boost direct citizen participation in public management. Nonetheless, it should be noted that civic participation cannot replace the necessity of political participation. In particular, electoral participation is the foundation of democratic legitimacy and the basic means of engaging the mass public in democratic decision making process, even if it may seem to give less personal power to individuals than the experience of direct involvement in civic organizations. Still, it is necessary to recognize the favorable engaging attitudes young generations had shown with civic engagement and their involvement in charitable organizations. Scholars should find a way to motivate these young generations to connect themselves with government. Practitioners need to explore how to better use the seemingly favorable participation channels that younger generations seem to have been attracted to. In other words, public managers should actively explore the direct and indirect role of nonprofit organizations in creating viable forms of participation in public affairs.

Social Service Delivery

Economic theories of market, government, voluntary, and contract failures can be used to explain the nonprofit provision of services (Hansmann, 1987; Salamon, 1995; Weisbrod, 1988). Pressure to improve government effectiveness without expanding its size prompted the nonprofit sector to expand into the role of service provider (Johnston & Romzek, 1999; Kettl, 2006; Salamon, 1989; Saidel, 1991; Savas, 2000; Smith & Lipsky, 1993). Rapidly changing socio-political and economic conditions in recent years have increased collaborations among public, private and voluntary organizations (Agranoff &McGuire, 2003; Bryson et al., 2006; Goldsmith & Eggers, 2004; Mandell, 2001; Rethemeyer, 2005). Consequently, the use of nonprofits as partners in public service delivery has substantially increased during the past few decades (Frumkin, 2005; Salamon, 1995, 2012).

Place for Innovation

The sector also provides an opportunity for visionaries to systematically implement innovative ideas in order to solve social issues and develop public goods. While for-profit businesses and government are more constrained by making profits and political considerations respectively, nonprofits are conceptually more flexible to try innovative approaches (Frumkin, 2005; Light, 1998). The growing attention to social entrepreneurship highlights innovative approaches to provide much needed social services through self-sustainable income sources (Frumkin, 2005).

Challenge of Reconciling Dual Purposes

Much has been written about various roles of nonprofits in the community, from delivering necessary social services to serving as crucibles of everyday democracy where people develop important civic skills. Nonetheless, little is known about how they balance the multiple roles they are expected to fulfill, despite the fact that these roles may not easily coincide or even come into conflict with each other. There is little empirical work on balancing multiple nonprofit roles. Through his ethnographic study of a single US nonprofit organization, Sanders (2013) provides some evidence for the inherent mission-market tension within an organization. His ethnographic study contributes to some understanding, but it is hard to generalize his findings for other organizations. Even less is known about specific factors that facilitate or constrain nonprofits from playing these multiple roles.

As private entities, nonprofit organizations operate within market economies by securing resources. Yet, they serve the social missions to benefit the general public, which make their characteristics closer to the public sector. Several scholars contend that all functions of the nonprofits, regardless of whether they are traditional or emerging and whether they are more relevant for a civil society or for a market economy, should be taken seriously (Frumkin, 2005; Jagers & Beyes, 2010; Salamon, 2012; Sanders, 2012). Operating with the mission-market tension should be recognized as an inherent feature that most nonprofits must cope with (Sanders, 2013). For instance, if the nonprofit functions of community development and political advocacy are taken too far, it could result in disconnect between grassroots activities and those in leadership roles. 501c (3) nonprofit groups can be accused of being polarizing lobbyists if they represent the narrow

interests of particular groups rather than that of the broader public. If a nonprofit serves to raise agendas for particular groups and thereby excludes the concerns of others, it could challenge the legitimacy of their privilege of tax-exempt entity. Similarly, increasing businesslike operations such as giving competitive salaries, charging for services, and marketing programs to paying customers could obscure the distinctive nature of nonprofits and therefore put the nonprofits subject to question for overlooking its social obligations (Young et al., 2012). Excessive focus on their service delivery role could result in shaping the nonprofit sector as another form of government agency (Salamon, 2012). Over-professionalized social service organizations could deter people from being involved to solve community problems and thus weaken social networks rather than nurture them. With growing managerial practices, organizations may crowd out the public from being engaged. The growing emphasis on social entrepreneurship, which values financial sustainability, may lead to neglecting underserved populations (Frumkin, 2005). It is important is to have the sector maintain balance among its various functions and doing so will help them to address the concerns of a diverse group of stakeholders (Frumkin, 2005; Salamon, 2012).

The market-service and civil-society functions may not easily coincide or even come into conflict with each other as the former relies on commercially viable programs and the latter often come with non-marketable programs. Running financially self-sustainable programs may be opposed to what is right for a civil society. Public officials and the press often accuse nonprofits that mostly focus on paying customers for distancing themselves from social missions while still accepting their tax-exempt status (Grongbjerg & Salamon, 2012).

Nonetheless, the sector is constantly pressured to compete over limited resources and even against business entities. For instance, public radio stations need to directly compete with commercial radio stations. Market pressures may undermine nonprofits' commitment to civic values, but it is essential to keep challenges that are posed by changing environments clearly in view. It is critical to understand the changing circumstances and seek ways to keep multiple roles in balance. Understanding what factors are critical in preserving different nonprofit roles can assist nonprofits trying to balance various roles.

Previous Studies Synthesizing Multiple Nonprofit Roles

Many studies address the individual aspect of nonprofit roles, but few studies provide synthesized description of nonprofit performance in a wide variety of roles. Salamon (2012) and Frumkin (2005) provide broad conceptual frameworks that cover several nonprofit functions.

<Letster Salamon's Four Impulses Affecting the Nonprofit Sector>

Salamon (2012) identifies the four most powerful forces currently in effect to reshape the role of nonprofits. Salamon (2012)'s *voluntarism* and *civic activism* are forces largely relevant to roles discussed in the realm of civil society. The voluntaristic impulse explains that nonprofits provide an institutional mechanism through which donors and volunteers sustain nonprofit activities that they value. Voluntarism, mainly the historic impulse of the sector, generates volunteering and philanthropy and provides the fundamental explanation of where the sector has come from. Civic activism pushes

the sector into the role of being the source of empowerment that provides a voice for the voiceless. It highlights how nonprofits contribute to alter the balance of power by providing opportunities to a broader range of the population. Professionalism and commercialism are relatively new forces that influence nonprofits and they have become increasingly relevant when analyzing nonprofit presence in a market economy. Government contracts and grants require professional standards in the process of providing contracted services and increased partnerships with government entities have resulted in a greater sense of urgency to "professionalize" performance. Professionalism in the nonprofit sector creates hierarchic organizational structures and bureaucratic management styles. Commercialism, similar to managerialism, is particularly relevant to the service role of nonprofits because managerial efficiency is critical when running fee-based programs. The commercial impulse emphasizes the nonprofits' service role, focuses on managerial efficiency, and explains why nonprofits are increasingly run in manners similar to for-profit entities. Social enterprises that combine charitable purposes and business-oriented management styles have received a great deal of attention recently which supports the heightened force of commercialism.

<Peter Frumkin's Roles of Nonprofits>

Frumkin (2005) divides nonprofit functions into four categories: (1) are its activities driven as a response to demands or (2) as a supply function of creating its own demand? (3) Do their activities function as *instrumental* or (4) *expressive*? His "demand side" roles stipulate that nonprofits provide spaces for civic and political engagement and address unmet service needs. His "supply side" roles cover nonprofits being the

manifestation of social entrepreneurship as well as personal and cultural values. He also

categorizes nonprofit roles into service delivery and social entrepreneurship as

instrumental. On the other hand, his *expressive* nonprofit functions are labeled to cover

the role of public engagement and value expression. In this study, his *instrumental*

functions are discussed under the realm of market economy and *expressive* functions are

examined within a purview of civil society.

2. 2. Theoretical Framework for This Study

The theoretical framework of this study, primarily based on Frumkin (2005) and

Salamon (2012), distinguishes nonprofit roles in terms of their relevancy to a market

economy versus civil society. The service delivery and innovative approaches to address

social needs make up the market economy role, whereas the civil society role refers to the

creation of social capital, civic participation, political advocacy and mechanisms for

value expression. Table 2-1 summarizes all roles discussed in previous studies and

categorizes them into two ways. In addition, impulses that pull the role of nonprofits in

one way or another are added to the table under the most relevant column. The binary

categorization is based on the rationale that commercialization of the sector is closely

related to professionalism while the force of voluntarism is closely related to civic

activism (Boris & Maronick, 2012; Brown & Martin, 2012; Toepler & Wyszomirski,

2012). Cultures of voluntarism and civic activism are closely linked and encourage one

another; the same goes for many kinds of commercialization and marketization.

Nonetheless, it should be noted that drawing a clear borderline between these two

dimensions is difficult, as many nonprofits have complex missions and engage in a wide range of activities.

Table 2-1. Summary of Nonprofit Functions

		Civil Society		Market Economy	
Functions	Value Expression	Edwards & Foley, 2001; Eikenberry & Kluver, 2004; Jeavons, 1992; Mason, 1996; Moulton & Eckerd, 2012; Salamon, 2012	Social Entrepreneurship (innovative)	Frumkin, 2005; Light, 1998; McDonald, 2007; Moulton & Eckerd, 2012	
	Community Building (Social Capital)	Anheier, 2009; Bryce, 2006; Eikenberry & Kluver, 2004; Frumkin, 2005; Moulton & Eckerd, 2012; Putnam et al., 2003; Salamon, 2012			
	Citizen Engagement	Alexander, Nank, & Stivers,1999; Anheier, 2009; Berger & Neuhaus ,1988; Brady, Verba, & Schlozman ,1995; Edwards & Foley, 2001; Eikenberry, 2009; Eikenberry & Kluver, 2004; Frumkin, 2002; LeRoux, 2007, 2009; Moulton & Eckerd, 2012	Service Delivery	Anheier, 2009; Edwards & Foley, 2001; Frumkin, 2005; Kim, 2013; Moulton & Eckerd, 2012; Hansmann, 1987; Salamon, 1995; 2012; Weisbrod, 1988; Young, 2006	
	Advocacy	Anheier, 2009; Berry, 2005; Chaves et al., 2004; Eikenberry & Kluver, 2004; Hwang & Suarez, 2008; LeRoux & Goerdel, 2009; Moulton & Eckerd, 2012; Mosley, 2011, 2012; Nicholson-Crotty, 2007; 2009; Salamon, 2012; Suarez, 2009			
	Democratic Governance	Schachter (2011)			
Impulse (Salamon, 2012)		Voluntarism & Civic Activism		Commercialism (Managerialism) & Professionalism	

Note: The list is meant to be representative but not exhaustive, and intentionally covers studies that mostly focus on 501c (3) nonprofit organizations in the United States.

2. 3. Measuring Nonprofit Roles

There are a few indicators that can be used to measure each dimension of nonprofit roles. For instance, association membership clearly represents the community-

building function (Salamon, 2012) even though Skocpol (2003) warns organizations increasingly focus on gaining donors rather than active members. Depending on the type of membership, the extent of membership size can explain the level of organizational involvement in a civil society. Another civic function indicator could be the extent a nonprofit expands opportunities for the marginalized to be served. Nonprofit organizations allow the unprivileged to access services, and this impulse toward civic activism demonstrates their ability to influence underlying social structures (Salamon, 2012). To what extent an organization relies on volunteers and individual donors can reflect the degree to which it functions in a manner that encourages individuals to express values that matter to them (Frumkin, 2005; Salamon, 2012). Nonprofits are increasingly reliant on professionals rather than volunteers, and the recent professionalization of the sector has spawned accusations that citizen engagement is being quelled (Boris & Maronick, 2012; Brown & Marin, 2012). Therefore, the comparison of the ratio of professional staff versus voluntary workforce can be another indicator.

Even though these indicators can measure various nonprofit roles to a certain degree, they may not provide a full picture of a nonprofit engaged in multiple functions. Moulton and Eckerd (2012) developed a "Nonprofit Sector Public Role Index" and assessed nonprofit performance on six distinct roles: service delivery, innovation, advocacy, value expression, social capital creation, and citizen engagement. They find that particular income sources are related to how nonprofits fulfill certain types of roles. Their study is unique in that it examined various nonprofit roles at the same time, but this largely exploratory research is limited because it relied on survey results from only 105 nonprofits covering various subsectors (arts, education, human service, youth and others).

They failed to control other institutional factors that can largely influence organizational performance. Still, the "Nonprofit Sector Public Role Index," that they developed through rigorous procedures can be a useful tool to measure nonprofit performance on a wide range of roles. They provide evidence for the distinctiveness of certain roles and political advocacy and service provision are clearly much more distinct from other roles. Their findings also show that various nonprofit role constructs overlap with each other, substantiating the common belief for unclear lines between different dimensions.

2. 4. Selection of the Arts Sector

The US nonprofit sector covers a broad range of organizational types and disciplines including arts, cultural, education, health, social benefit, human service, and international organizations. They also range in size from extremely large such as major hospitals, universities, or organizations like the Red Cross to extremely small organizations that have no full-time personnel and operate only with volunteers. Even the subset of the nonprofit arts and cultural sector is so broad that it includes nonprofit theaters, dance companies, ballets, opera companies, symphony orchestras, museums, arts service centers, arts councils, historical societies, galleries, arts institutes, and even fairs and festivals. Therefore, analysis can fall into a fallacy if trying to examine the entire nonprofit sector at once.

The study focuses on 501c (3) nonprofit arts and cultural organizations, one out of five major nonprofit subsectors (Blackwood et al., 2012). The nonprofit arts and cultural sector is well suited for this study because of its nature, namely, that arts and cultural organizations are essentially service providers of the arts and culture yet they have

potential to bring individuals in a community together, to raise awareness of community

issues, and to express community culture and values (McCarthy et al., 2004). The main

sources of income for universities and major hospitals are tuition fees and service charges,

whereas human service nonprofits oftentimes rely most of its revenue on government and

foundation funding (Hall, 2010). For nonprofit arts organizations, about a half of the

revenue comes from program fees and the rest from the contributed income including

government grants, foundation and corporate gift, and individual giving (Americans for

the Arts, 2013). Furthermore, arts organizations have a unique capacity to serve as a

mechanism for stimulating active civic participation, making them particularly

appropriate for this study. They can bring people together across different races, religions,

cultures, social, and economic status with opportunities for civic dialogue in relatively

comfortable settings (Putnam & Feldstein, 2003). Furthermore, the sector has become the

subject of demanding justifications for their receipt of public financial support, as there

are other nonprofit sectors that are perceived to be more essential (Craik, 2005).

Considering the research question, this study limits the observations to the nonprofit arts

and cultural organizations that have obtained 501c (3) tax-exempt status. 501c (3)

nonprofits are supposed to benefit the general public in some way.

Furthermore, the nonprofit arts sector has witnessed the increased interest in

"audience engagement" as a way to overcome decline in the audience participation

especially with the major arts audience groups becoming older. The growing interest in

engagement was not only for the development of audience participation, but also there

has been much emphasis put on the relationship between participation in arts

organizations and civic engagement. Recently, many arts advocates have called attention

to public value of the arts as a way of developing social capital and encouraging civic discourse. Especially, American for the Arts, one of the major arts service organizations in the U.S., created a subsidiary organization called "Animating Democracy" to fully focus on building the capacity of artists and arts organizations with regard to contributing social change and addressing challenges of communities. Borwick (2012) wrote a book "Building communities, not audiences" along with several contributors to address why it is important for arts and cultural organizations to be substantially connected with their community issues rather than simply focusing on arts audience. He argues that the arts and culture sector originally began as collective community activity that expressed community identity but has shifted the focus as the patronage system developed. The traditional patronage culture is now replaced by the financial support by the state, foundations, and corporations and the form of presentation is channeled through nonprofit institutions. In other words, professionalization of the arts industry distanced the arts groups from the community people. The growing interest in civic participation in the arts and cultural sector further makes the sector appropriate for this study.

Toepler and Wyszomirski (2012) analyzes the nonprofit arts and cultural sector using Salamon (2012)'s four impulses. The current size of the voluntary impulse in the arts and cultural sector is largely unknown because of the steady decline in arts participation in general. They find the reason from the more and more professionalized arts and cultural industry. Professionalization and commercialism in arts and cultural organizations have developed together. Expected to provide professional services, arts organizations make their primary focus the pursuit of artistic excellence.This has resulted in the passive performance culture, in which audiences come to observe works presented

by professional artists and in which active artistic experience is often discouraged. The force of commercialism has increased as nonprofit arts and cultural organizations have been advised to increase the earned revenue in order to be self-sustainable (Stevens, 1996; Toepler, 2001). It is also unclear whether the commercialization since the 1990s may be partly attributable to the decline in participation in the arts and whether mission-oriented programs have been compromised due to economic concerns (Toepler &Wyszomirski, 2012).

In regard to civic activism in the arts, Toepler and Wyszomirski (2012) raise two concerns: engaging the broader community in order to cope with the decline of arts education and participation. Also, the issue of civic inclusiveness, in terms of how well arts and cultural organizations engage diverse community populations, has emerged as a significant challenge since the 1990s. There is a growing interest in the responsibility of professionals in arts organizations to better reflect the interests of communities (e.g., American Association of Museums, 2002; American Symphony Orchestra League, 1993). Civic concerns are, however, criticized by those who advocate a philosophy of art for art's sake and resist the notion of the arts having a social or civic function.

In short, there are questions that remain to be answered particularly for the nonprofit arts and cultural sector: the relationship between professionalization in arts organizations and the extent of voluntary participation, the influence of commercialization on active participation in arts organizations, involvement of diverse populations, and the extent organizations are engaged in broader community and civic issues. Answering these questions is valuable regardless of the debate over the value of art and arts organization versus the legitimacy of supporting art for art's sake. The

relevant question is not whether programs should be created only for the intrinsic value of the arts, but what kinds of organizational and environmental factors make nonprofit organizations to bring market-oriented or civil society focused programs.

Finally, McCarthy and his colleagues (2004) differentiate private and public benefits that arts and cultural organizations create. Public benefits include the development of social capital, economic growth, creation of social bonds, and expression of communal meaning, while private benefits cover the pleasure of arts experience, personal development through arts experiences, opportunities for professional artists, and arts education. Presenting professional performance for the audience or creating opportunities for arts education serve private benefits, although it should be noted that there are certainly spillover benefits relevant for the broader public. In this study, presenting arts programs are regarded as a service role whereas incorporating civic issues into the program or making extra efforts to bring underserved populations are considered to be a civic role.

2. 5. Identifying Factors that Influence Nonprofit Roles

There are some studies that have examined the influence of particular factors on certain type of roles played by nonprofits. McDonald (2007), for instance, found that in the case of nonprofit hospitals, a clear, motivating organizational mission can lead an organization to focus on innovation. Moulton and Eckerd (2012) conclude that certain income sources are strongly linked to particular nonprofit roles. Resource dependence also influences significantly the nonprofits' advocacy role, and there are many empirical studies on the influence of public funding on nonprofit advocacy activities. The findings

are still inconclusive partly due to the inconsistent ways an advocacy role has been

measured (Neumayr et al., 2013).

Nonetheless, few empirical studies have focused on the factors that influence how

nonprofits balance their multiple roles. From his ethnographic study of an American

nonprofit, Sanders (2013) suggests the importance of communication in managing the

mission-market tension and in understanding what it means to be "nonprofit-like", and

concludes that the two seemingly incompatible features of nonprofits should be embraced

together. His study indicates the significance of organizational culture, yet, more

empirical studies need to be conducted to explore specific factors that facilitate or

constrain nonprofits from playing their conflicting roles.

In this dissertation, the study first focuses on what roles receive more priority over

others. Then, it provides empirical evidence under which circumstances two seemingly

contradictory roles coexist and in what ways. The population of this study covers 501c (3)

arts and cultural organizations and most of them provide some types of services to paying

customers. Given that, main analyses focus on identifying factors that promote or

discourage a nonprofit organization's involvement in civic functions.

2. 6. Hypotheses

<u>Organization Culture</u>

Organizational culture, comprised of the observable, easily identifiable values,

and unconsciously held beliefs, affects how groups perform and interact with each other

and is accumulated through shared learning during historical events (Schein, 2010; Trice

& Beyer, 1993). Organizational culture also guides the development of strategies and a

mission statement, which then further shape the culture (Rainy, 2009). The rise of professionalism within nonprofits creates hierarchic, segmented organizational structure. Such bureaucratized culture, however, counteracts their role as an entity that fosters social trust and cooperative habits. As Schachter (2011) argued, the sector cannot serve as a school of citizenship if nonprofits themselves are not governed in a democratic way. In highly professionalized nonprofits, the increasing number of paid employees in nonprofits can crowd out the involvement of volunteers. Extremely bureaucratized nonprofits may even lose their competitive unique identity to attract donors and motivate members who chose to work at nonprofits to create social change. Thus, it is harder to expect a nonprofit arts and cultural organization to be active as a center of civil society when there is more emphasis given on producing professional arts services.

Growing bureaucratization within nonprofits is partly attributable to the increasing reliance on government grants (Gronbjerg, 1993; Salamon, 2012; Smith & Lipsky, 1993). Nonprofits are likely to lose their non-bureaucratic and decentralized management culture as they work closely with government (Salamon, 2012; Van Der Heijden, 1987). Government-funded programs oftentimes coerce organizations to adopt professional standards and hire formally trained paid staffs (Salamon, 2012). In short, professionalized culture may have adverse effects on nonprofits' civic function in terms of including volunteers in decision making procedures or having a non-hierarchical organizational structure.

The growth in the amount received from governments may also stifle nonprofit engagement in political affairs due to fear of losing public funding (Smith & Lipsky, 1993). The growing reliance on government funding or forming interdependent

partnerships can make nonprofits refrain from engagement in the advocacy role (Chaves et al., 2004; Smith & Lipsky, 1993). Some empirical studies however show an opposite side of evidence that nonprofits receiving public funding tend to increase their advocacy activities (Child & Gronbjerg, 2007; Hwang & Suarez, 2008; Mosley, 2010, 2011; Salamon, 2012). Others find no impact of public funding on advocacy (Leech, 2006; LeRoux & Goerdel, 2009; Nicholson-Crotty, 2007, 2009). While the relationship between government funding and political engagement is unclear, being in a partnership with a government agency can influence nonprofits to be more concerned about the needs of a broader population, making programs more civic oriented. In short, the influence of bureaucratic organizational culture may appear in negative way on the level of nonprofit civic engagement, but the extent an organization relies on government funding may change the relationship.

In lieu of the previous statement, the focus of a nonprofit arts organization's program can be influenced by the pressure from parties to which an organization is reliant for resources. There are times that nonprofits need to adapt to requirements or expectations of important resource providers. Nonprofit organizations' dependency on external resources can drive nonprofits to adjust their program goals in order to meet donor preferences (Froelich, 1999; Pfeffer & Salancik, 1978). In such case, an organization may not have a large flexibility in program decision making procedures. In other words, the extent of funders' influence on nonprofit organizations should be also considered for this hypothesis.

H1: Organizational culture will influence a nonprofit's involvement in civic functions.

Organization Leadership

Leaders play key roles in forming, maintaining, and changing organizational culture (Schein, 2010; Trice & Beyer, 1993). Put another way, a leader's own values have a strong effect on developing and maintaining priorities for organizational direction. Therefore, it is important to understand how nonprofit leaders perceive the role of the organizations they lead. Leaders exert greater influence in shaping desired organizational values, beliefs, and assumptions, especially when organizations are in the early stages of development (Denison, 1997; Schein, 2010). As the group grows, others are brought in and culture develops further. An organization with a relatively long history often has a distinctive culture where norms, values, behavior patterns, and traditions are entrenched. Therefore, this dissertation explores if leaders' own values are reflected in the way organizations approach to civic issues. The analytical inquiry differentiates the board leadership of the organization from those managing daily business and focuses on those directly engaged in day-to-day managerial decisions. The second hypothesis of this dissertation is that nonprofit arts and cultural organizations will focus more on civic functions when the leaders' personal values highlight the importance of civic engagement. *H2: Leadership values will influence a nonprofit's involvement in civic functions.*

Networks

Forming and maintaining partnerships or network relations with organizations in other service sectors can expand the capacity of an organization, both in material terms

and intangible ways. Organizations embedded in a wide variety of networks gain values through informational inputs and communications (Agranoff, 2007). Being engaged in large networks, whether informal partnerships or contractual relationships with other entities, a nonprofit arts organization can expand the scope of issues it concerns and addresses through its programs. Constant interactions with organizations working for the broader public benefit in different service areas would likely expand the scope of programs for arts organizations, which would likely go beyond creating arts for the public to appreciate. For example, a symphony orchestra may become interested in creating or expanding programs for young patients after having been a contractual relationship that invited them to play at hospitals.

By broadening and deepening awareness and trust, organizations can also gain new opportunities to cooperate with others (Larson, 1992). Nonprofit arts organizations may be engaged in networks because of their interest in civic-oriented programs that require them to work with organizations that have expertise in other areas. For instance, a theatre company interested in presenting a play that can promote human right in female prisons might collaborate with a social service nonprofit to gain fact-based knowledge about the issue. Following this line of logic, a nonprofit arts and cultural organization working with various types of organizations, whether formally or informally, will likely exhibit greater levels of involvement in civic functions.

H3: Engagement in a larger, wider variety of networks will increase a nonprofit's involvement in civic functions.

Institutional Isomorphism

Institutional theory shows that an organization's field or industry is generally characterized by a set of desired practices and programs (Dimaggio & Powell, 1991; Meyer & Rowan, 1977; Scott & Meyer, 1991). Within an institutional structure, norms of rationality commonly exist, and organizations perceive normative rules and follow practices that seem to be socially desirable. Beyond discretion of individual organizations, certain practices are institutionalized and be adopted for their legitimacy. Organizations try to reduce their liabilities related to negative outcomes by following practices and procedures done in established organizations. With so many uncertainties, organizations try to achieve rationality of their action by changing their policies, practices, and structures to demonstrate their commitment to the industry agenda and result in institutional isomorphism. Since organizations compete for limited resources and political power, they tend to change their policies, practices, and structures to demonstrate their commitment to the industry agenda (Meyer & Rowan, 1977; Meyer & Scott, 1992). It is hard for organizations resist institutional pressures because they are heavily dependent on the external forces (Oliver, 1990). This theory of institutional isomorphism, explained by the mechanisms of coercive isomorphism, normative pressure, and mimetic process, helps understanding why individual organizations would adopt practices that are dominant in the industry each organization identifies with (DiMaggio & Powell, 1983). In this case, if a nonprofit arts and cultural organization perceives the focus on its civic role as desirable by their peer organizations, the organization is more likely to be committed to civic functions.

H4: The values and activities of peer organizations (institutional isomorphism) will influence a nonprofit's involvement in civic functions.

Organization Capacity

There are several plausible hypotheses regarding the capacity of a nonprofit and its involvement in civic functions.

Organization Type

Even though this study focuses particularly on the arts and cultural sector, there are still various types of nonprofit arts and cultural organizations. The sector includes community arts groups, arts education institutions, theatres, symphonies, opera companies, museums, galleries and many others. Organizations active in different types of artistic activity face a different organizational capacity and environment. Hence, it is plausible to expect that the level of each nonprofit arts organization's engagement in a civil society is different by the type of arts it serves. For this study, the analysis should be conducted not only for the entire arts and cultural sector but also for sub groups.

Organization Age

Nonprofit programs are closely related to an organization's capacity such as its reputation, experience, size, and the status of financial health. For instance, they tend to show greater financial efficiencies if the organization is younger and larger (Hager et al., 2004). Nonprofits are likely to experience significant changes in programming during the first few years of existence. If a nonprofit has been in the business for an extended time,

it is likely to have a sound management strategy but is much less likely to change its approach to programming (Dilulio, 1999; Rainey, 2010). Earlier studies (Hager, 2001; Tinkelman &Neely, 2010) show that an organization's age (i.e. its years in operation) can be a proxy for a nonprofit's reputation, and organizations with longevity may be better at providing a hedge against economic downturns.

A nonprofit organization that has been operating for a long time is experienced and has its reputation in the community. Thus they would be inclined to accommodate a broader public role as a community leader. Yet, such organizations may be bounded by the expectation of its long-term audience group and funders that may have certain types of programs in mind. If so, it would be challenging for them to expand or divert their serving focuses. In short, it is unclear in what ways organization age would matter to their civic involvement. Nonetheless, how long a nonprofit arts and cultural organization has been around would certainly influence the way it approaches to civic concerns. When the number of nonprofits subcontracted for government funded service programs dramatically increased in the 1990s, there have been efforts to discourage nonprofit advocacy activities (Grongbjerg & Salamon, 2012). The new climates for organizations give rises to new forms of organizations. So, it is plausible to expect that organizations founded in more recent years are likely to be more service oriented, prominent in a market economy.

Organization (Budget) Size

Organizational size, a variable closely related to economies of scale, determines the ability of a nonprofit to offer programs (Calabrese, 2012; Carroll and Stater, 2009;

Trussel, 2002). Generally, organizations with larger staff and/or more resources have grater slack to be involved in a broad range of roles. They are therefore more likely to be able to serve high quality needed service while being a center of civil society. Yet, larger organizations may be less flexible to initiate new approaches but have more capacity to run programs. Smaller organizations, on the other hand, are likely to choose to focus on one area over the other, largely whether being central to community engagement or bring service products to meet the needs. In short, it is unclear in what ways the size of organization influence on organizational civic approach although the relationship between the two is expected.

Funding Structure

Organizations with a larger proportion of earned income are likely to divert their resources on non-commercial programs. Especially, profit making programs and community building goals can hardly exist together as the former relies on ticket sales while the latter focuses on non-profitable programs. Nonprofit programs, especially those more relevant to civil society functions, are often limited by one's financial status. Financially more stable organizations with a certain degree of flexibility can stretch out their program range to cover diverse populations whereas some may need to solely focus on those who can pay for the programs. Overall, it remains to be seen whether commercial activities and civil society functions can coexist.

Since nonprofit organizations are subject to resource dependency, there are times that nonprofits need to adapt themselves to requirements or expectations of important resource providers (Pfeffer & Salancik, 1978). Resource dependency can drive nonprofits

to adjust their program goals in order to meet donor preferences during the course of interactions with individuals and organizations that provide resources (Froelich, 1999). Nonprofit programs are subject to their dependency on external resources (Pfeffer & Salancik, 1978; Froelic, 1999). Revenue strategy, keeping substantial amount of self-sustainable income sources, and rainy day funds should buffer organizations from external forces (Carroll & Stater, 2011; Carabrese, 2012; Frumkin, 2005). Therefore, an organization's financial status should be carefully controlled.

Moulton and Eckerd (2012)'s survey research, despite its limitation largely due to the small sample size, show that several funding sources are significantly associated with particular roles. They found positive relationships between individual giving and citizen participation as well as between government funding and advocacy role. How government funding matters to the nonprofit advocacy role has been examined in many other empirical studies as mentioned above, and remain still inconclusive. Moulton and Eckerd (2012) also found a negative association between funding from government and social capital role, which is positively associated with indirect public support such as the United Way. The greater earned income is negatively related to nonprofits' innovative role. Their preliminary findings of the relationship between distinct nonprofit roles and type of financial resources need to be further explored with a larger dataset.

H5: The organizational type, age, size, and funding structure of a nonprofit influence its involvement in civic functions.

Community Environment

   The nonprofit literature suggests that the growth of a community's nonprofit sector is dependent on environmental factors, which inherently determine the demand and supply for nonprofit services. To be specific, size of the community, the proportion of older residents, the poverty rate, community population, government size, and community wealth have been found to be associated with the size of the nonprofit sector (Corbin, 1999; Gronbjerg & Paarlberg, 2001; Lecy & Van Slyke, 2012; Twombly, 2003). If a larger proportion of people are in need of greater access to services, a nonprofit arts and cultural organization would be more inclined to create programs that address civic functions. On the other hand, organizations operating in more affluent communities would have private-benefit oriented demands for services such as bringing world-class professional artists to town. Hence, the study proposes that community factors need to be carefully considered to examine various nonprofit roles. In particular, it hypothesizes that wealthier communities would have nonprofit arts organizations more focused on delivering services whereas less affluent communities are focused on brining underserved populations together.

H6: Nonprofits in more liberal and less advantaged communities with greater social needs and more diversified residents are more involved in civic functions.

Figure 2-1. Summary of Main Hypotheses

H1: Organizational culture	+/-
H2: Leadership values	+
H3: Engagement in a larger, wider variety of networks	+
H4: The values and activities of peer organizations (industry isomorphism)	+
H5: The organizational type, age, size, and funding structure	+/-
H6: Operate in more liberal and less advantaged communities with more diversified residents	+

Civic Functions
- Social Capital
- Citizen Participation
- Political Advocacy
- Value Expression
- Democratic Governance

Civic Functions and Fiscal Health

The main aim of this study is to describe how organizations balance their dual functions and to identify factors that influence their engagement in civic versus market functions. Moore's (1995) public value strategic triangle can be useful to estimate what effects having a greater involvement in civic functions may have on organizational managerial capacity that is critical to survive in a market economy. When nonprofit arts organizations make themselves substantially relevant to a broader range of community

members and civic issues, they can create 'public value' if 'adequate operational capacity' is provided. Then, they build 'authorizing environment', which is helpful to receive more stable financial support because they have the legitimacy to receive funding over other projects. The nonprofit arts sector always operates under pressure for the better justification of their receipt of public funds, especially given that there are many other urgent needs for public support such as health and security. Thus, the 'authorizing environment' in turn benefits organizations to maintain and enhance their operational capacity. Increased operational capacity then further contributes to creating 'public value' and these three factors influence each other, forming a triangular relationship.

For instance, arts programs designed to include disadvantaged groups are likely to have more opportunities to receive public or private funds. Incorporating community issues into core arts and cultural programs can bring both arts-patrons and non-arts patrons interested in community issues, who are otherwise would not have come to visit the organization. Such expanded group of constituents and issue they cover helps arts and cultural organizations to acquire resources from diverse sources as they can go after not only grant makers in the arts and cultural sector but also funders in the social service sector. Diversifying revenue streams has been found to positively affect organizational financial stability (Carroll & Stater, 2009). Thus, an organization involved in civic functions at higher level than others would be in a better financial position if other factors are the same.

CHAPTER THREE: RESEARCH DESIGN

This chapter outlines the research design, employed research methods, selected sample, instruments, and data collection procedures. Given the relative scarcity of empirical research on how nonprofits balance multiple roles, this study takes a mixed method approach. Little is known about factors related to the ways nonprofit organizations balance their civic versus market functions. This study first uses a theory-building exercise wherein in-depth qualitative interviews are conducted. Along with a review of the literature, the results of this initial qualitative stage of the study are then used to develop an original survey. The survey responses, augmented by merging IRS 990 forms and the US Census data, allow for systematic testing of the grounded propositions. The augmented dataset provides both unique survey-based measures of each organization and factual financial and community characteristics. This mixed method approach makes it possible to converge lines of inquiry across multiple data sources, making the findings from this study more reliable. Each step is explained in greater detail after discussing the rationale for the use of mixed methods.

3. 1. Rationale and Summary for the Use of Mixed Methods

Researcher's Philosophical Stance

There has been much debate over qualitative research versus quantitative research in social sciences especially with regard to philosophical and methodological issues (Greene, 2007; Remler & Van Ryzin, 2011). The selection of appropriate research methods is largely dependent on the researcher's philosophical stance, the nature of the research question and purpose, and available resources (Greene, 2008; Riccucci, 2010).

Some scholars strongly argue that mixing methods cannot produce meaningful research because different paradigms are interconnected to different philosophical assumptions, making them incompatible (Lincoln & Guba, 2000; Maxwell & Delaney, 2004). Recently, scholars have looked beyond the qualitative-quantitative debate to recognize mixed methods as a pragmatic approach that offers "the best opportunities for answering important research questions" (Johnson & Onwuegbuzie, 2004, P.16). The pragmatic position is particularly appealing with "its rejection of historical dualism, its acceptance of both realist and constructivist strands of knowledge, and its practical, consequential character" (Greene, 2007, p.84). Based on this pragmatic approach, quantitative and qualitative methods are viewed as compatible in addressing empirical inquiries (Howe, 1988; Teddlie & Tashakkori, 2003). This dissertation reflects the pragmatic stance and aims to utilize both qualitative and quantitative methodologies as appropriate for the research topic.

The Use of Mixed Method in Nonprofit Research

In the past two decades, there has been increasing interest in and advocacy for research using mixed methods in many social science disciplines (Creswell & Clark, 2011; Greene, 2007; Leech & Onwuegbuzie, 2009; Teddlie & Tashakkori, 2009). For nonprofit studies, mixed methods research has not been widely used but is beginning to gain acceptance. According to Bushouse and Sowa (2012), about 5% of articles published for the past decade in Nonprofit and Voluntary Sector Quarterly (NVSQ), the leading peer-review journal in the nonprofit studies, used mixed methods. Teddlie and Tashakkori (2003) state that applied fields often require multiple methods and data

sources to understand social phenomena and to make practical decisions. Therefore, in this study, with its context of nonprofit management, the mixed methods approach is appropriate.

The Type of Mixed Method taken in this Study

Using only quantitative or qualitative method is not sufficient to capture the complexity of a situation (Greene & Caracelli, 1997; Johnson & Onwuegbuzie, 2004; Teddlie & Tashakkori, 2009). Qualitative research can provide a more holistic picture of complex phenomena (Patton, 2002) yet a qualitative study is limited in terms of producing generalizable findings. Testing a hypothesis is another of its challenges. A quantitative study, relying on numerical data, can yield highly reliable and valid results useful for explanation, prediction, and broader generalization (Remler &Van Ryzin, 2011). A quantitative research, however, may produce findings that are too abstract and that may not adequately reflect the natural settings. Hence, using both qualitative and quantitative approaches can enhance the understanding of a research problem by complementing each other. Even though there is no exhaustive taxonomy for mixed methods due to its evolving nature, typologies of mixed methods can be helpful to summarize the study design (Creswell & Clark, 2011; Greene, Caracelli, & Graham; 1989; Leech & Onwuegbuzie, 2009; Teddlie & Tashakkori, 2009). It is a fully mixed design, for the purpose of development and of complementarity, where qualitative and quantitative approaches are integrated with equal status and conducted in sequence.

At the first stage, qualitative in-depth interviews are conducted to explore organizational and contextual factors that influence or even determine an organization's

priority on various goals. There has been little exploration of how these factors determine or influence an organization's roles. The grounded theory (Glaser & Strauss, 1967) provides the most reasonable way to start this research. In the grounded theory method, the consideration of predetermined ideas is allowed to inform the analysis although it does not direct data collection.

This dissertation study began with in-depth interviews with executive directors at 21 nonprofit arts organizations across the United States. Factors include but are not limited to organizational culture, leadership, networks, operational capacity, and community characteristics. Later, a structured questionnaire was administered to a large, random sample of nonprofit arts organizations nationwide to provide more quantitative evidence of patterns and relationships. The responses to this original survey were then augmented by merging the IRS 990 financial disclosure data for each corresponding organization as well as the US Census data on the counties where the organizations operate.

Table 3-1. Summary of Research Design

Stage	First—exploratory	Second—explanatory
Approach	Qualitative	Quantitative
Source of Data	In-depth interviews	Original survey responses combined with 990 data and census
Sample Size	21	909
Goal	To explore factors based on grounded theory	To test theoretical hypotheses presented in chapter 2

3. 2. The First Stage: Qualitative Interviews

<u>Methodology</u>

The first stage, in accordance with grounded theory, aimed to develop theory through systematic examination of the phenomenon (Strauss & Corbin, 1994). Note that the researcher needs to begin with a few predetermined ideas in order to achieve "theoretical sensitivity" (Glaser, 1978; Glaser & Strauss, 1967) and "the researcher does not approach reality as a tabula rasa" (Glaser & Strauss, 1967, p.3). The researcher should have a perspective that guides him or her to see relevant data and to abstract important categories from data systematically obtained. "The difference between an empty head and an open mind", emphasized by Dey (1993, p.63) warrants the necessity of some prior knowledge to inform the analysis rather than to direct at the initial stage of this research. In this sense, the first stage aimed to search for patterns to better understand why and how certain arts organizations become more involved in civic affairs in addition to providing arts services to the constituents. One of the most frequently used grounded theory data collection methods, qualitative interviewing helps "researchers explore in detail the experiences, motives, and opinions of others and learn to see the world from perspectives other than their own" (Rubin & Rubin, 2012, p.3).

A semi-structured interview protocol was used and considerable time was spent on probing participants' responses, encouraging them to provide detail and clarification. The semi-structured protocol allows for iterative refinement, probing into the factors related to certain types of roles. Following a grounded theory approach (Glaser & Strauss, 1967), a search was made for patterns in earlier interviews that led to further question some of the factors during the course of interviews. During the interviews conducted later,

if not already addressed, interviewees were asked about the history of the organization, the leaders' own background, and networks through which interviewed organizations interact with organizations in other sectors. The initial interview protocol is attached as Appendix A.

Qualitative Sample Selection

As stated in the previous chapter, this study's target population is 501c (3) nonprofit arts and cultural organizations in the United States. For the first, qualitative phase of the study, a small purposive sample is selected for in-depth interviews. The central idea is that a purposefully selected non-representative subset of some larger population can provide the best answer to the main research question (Miles et al., 2013; Patton, 2002). The main goal is to explore factors that account for the greater level of civic function that a nonprofit arts and cultural organization maintains. For this reason, the study draws a purposive sample of organizations whose arts programs have a reputation for civil society focus. The sample can be more useful to reveal distinctive factors in organizations oriented toward the civic function.

Selected organizations have either been praised by the media or advocacy groups for their active civic engagement or have professed being active in a civil society. One of the main sources, although not the only one used, is the EM's List (http://www.artsjournal.com/engage/ems-list) that appears on Doug Borwick's Engaging Matters, a blog supported by Arts Journal. The journal accesses more than 200 English-language media sources about arts and culture and thus draws attention from both practitioners and scholars across the country for important issues. EM's list "exists to

recognize arts organizations and arts programs that promote substantive engagement between the arts and the community." Another major source is Animating Democracy (http://animatingdemocracy.org), which lists "cultural and community organizations that foster and support civic engagement and social change through the arts."

Calls to participate were e-mailed to organizations pulled in the sampling process and those responding were contacted for interviews. The result was satisfactory as a total of 25 nonprofits were interviewed. The analyses revealed that 4 organizations interviewed seem more appropriately categorized as arts service organization oriented in a market economy even though they offer some types of civil society focused programs such as discounted tickets for seniors. It is difficult to draw a clear division between programs relevant to civil society versus market economy as all programs speak to both in some way. The distinction is made according to the level of focus of each organization. The remaining 21 organizations were a balanced mix of arts and cultural nonprofit organizations located in rural, suburban, urban, and metropolitan areas across the states. Nonprofit arts and cultural organizations in California, Illinois, Massachusetts, Maryland, New York, New Jersey, Pennsylvania, and Washington, D.C., are included in the final sample of the qualitative study.

When an organization responds, a further challenge is to decide on the person to be surveyed. The common solution is to reach out to chief executives or someone in an equivalent position while giving respondents an option to forward the survey to the more appropriate respondent in their organization (Relmer & Van Ryzin, 2011). For this reason, participants in this study are primarily executive directors who sometimes simultaneously hold the position of artistic director. They are in charge of most of day-to-day

management of the organization and are likely to be most familiar with important issues in the organization, not to mention exerting substantial influence on key decision making processes.

Qualitative Data Collection

Leaders at the selected 21 organizations were queried by either phone interviews or on-site interviews, followed in some cases by e-mail correspondence for clarification and further details. Due to time constraints and the cost involved, it may not be feasible to travel to multiple places to conduct many face-to-face interviews (Gratton & O'Donnel, 2011). Doing phone interviews made it possible to cover organizations across the country, ranging from west coast to east coast. Phone interviews can be more efficient for both researchers and interviewees thereby increasing participation in the study (Harvey, 2011; Stephens, 2007). Holt (2010) even claims that phone interview might be a better choice, not the alternative choice, over more traditional forms as it reduces the possibility of factors such as stereotypical assumptions during in-person interviews.

Interviews typically lasted for about 30 to 40 minutes with a few interviews continuing for over 1 hour. All interviews, audio-recorded with the permission of the participants, were transcribed, generating 97 single-spaced pages of text. Most of interviews were conducted in April and May 2013 and some additional interviews were done between September 2013 and December 2013. Additional interviews were purposefully drawn to cover some organizations in the east coast to adjust regional disproportion, despite the fact that the sample was purposely selected in the first place.

Interview transcripts were supplemented by archival documents, media coverage, website, and organizational 990 forms, to provide additional information for the analysis.

Prior to the interview, all participants were provided a full description of the purpose and confidentiality of the study. Interviewees were also informed of the voluntary nature of their participation in the interview and the flexibility to stop the interview for any reason at any time without having to give an explanation. Participants were also asked for permission to record interview conversations. The interview protocol and consent form were reviewed and approved by the Rutgers University Institutional Review Board (IRB) for the protection of human subjects in research.

Qualitative Data Analysis

The analysis of the audio-recorded, transcribed interview contents was done using the Qualitative Software and Research (QSR) International's NVivo 10, software supported by Rutgers University. In order to analyze the interview data, McCracken's (1988, p.19) guidelines are followed: (a) initial sorting out of important from unimportant data; (b) examination of the slices of data for logical relationships and contradictions; (c) rereading of transcripts to confirm or disconfirm emerging relationships and beginning recognition of general properties of the data; (d) identification of general themes and sorting of the themes in a hierarchical fashion, while discarding those that prove useless in the organization; and (e) a review of the emergent themes for each of the transcripts and determination of how these can be synthesized into themes. In addition, Owen's (1984) three criteria—repetition, recurrence, and forcefulness—are applied during the sorting process to help discover themes. To supplement the interview data, organizational

and financial data obtained from the National Center for Charitable Statistics (NCCS)

official website and social networks sites, media coverage, and all other relevant

materials were collected and thoroughly examined for the analyses.

3. 3. The Second Stage: Quantitative Survey

The second, quantitative stage focuses on measuring involvement in civic and

market functions and exploring potential determinants. A web-based questionnaire, the

primary instrument for collecting the quantitative data, was designed based on both the

qualitative findings from in-depth interviews as well as from several previously

conducted surveys of the nonprofit sector (Boris et al., 2010; Cameron & Quinn, 2006;

Moulton & Eckerd, 2012; Walker et al., 2000). A random sample of 3,129 executive

directors' e-mail addresses from across the United States was collected by searching

publicly available sources, mainly, though not limited to, each organization's official

website. A pre-notification message was sent to half of selected organizations' leaders

either via USPS postal mail or e-mail. About one week later, a survey invitation was e-

mailed to all selected organizations' executive directors. This was followed by two

reminder e-mails with an embedded link to the online survey one week and two weeks

after the initial invitation.

Methodology: Selection of the Self-administered Web Survey

Selecting one type among various modes of data collection methods is critical in a

research context (Dillman et al., 2008). Today, self-administered questionnaires tend to

be recognized as advantageous over costly face-to-face interviews or telephone methods that have been frequently used in the past. More recently, self-administered online survey emerged as a major force in research with its methodological strengths (Evans & Marthur, 2005; Fowler, 2009). Online surveys have many benefits over other modes of surveys such as mail survey, group-administered questionnaire, personal interview, and telephone interview. Most of all, web-based surveys are advantageous with regard to the cost of survey administration and time to collect data (Couper & Miller, 2008; Fricker & Schonlau, 2002; Greenlaw & Brown-Welty, 2009; Kwak & Radler, 2002; Schaefer & Dillman, 1998). In electronic surveys, the turnaround time can be substantially reduced as there is virtually no burden of physically delivering and returning the questionnaires. Web surveys, however, have been found to generate relatively lower response rates compared to traditional equivalents (Couper, 2000; Kwak & Radler, 2002, Lin & Van Ryzin, 2011; Schaefer & Dillman, 1998).

With online surveys, it is critical to acquire valid e-mail addresses and doing so can be challenging. Indeed, empirical studies suggest that relying only on web surveys sometimes produces significant bias in the data if access to the Internet is not universal (Smyth et al., 2009). The response rate for an Internet survey can vary depending on the population coverage that has access to e-mail and web surveys (Dillman et al., 2008). Web survey is an effective tool if the targeted population is familiar with the use of computer. Since most nonprofit arts and cultural organizations manage day-to-day business with computers and maintain official websites, it is reasonable to posit that the targeted population has nearly universal access to Internet, making online surveys an operative tool.

<u>Sample Selection</u>

A sampling frame was developed using a stratified random sampling technique with the National Center for Charitable Statistics (NCCS) 2011 core data. First, I downloaded the NCCS 2011 core data National Taxonomy of Exempt Entities (NTEE) selecting "A" which indicates the arts and cultural sector. The IRS and NCCS use the NTEE code system to classify nonprofit organizations. According to the 2011 core data, there are 41,341 registered nonprofit arts and cultural organizations that are 501c (3) public charity groups in the US. Out of these registered nonprofits, organizations that do not provide services directly to the general public are removed from the target population. They include Alliances and Advocacy (A01), Management and Technical Assistance (A02), Professional Societies and Associations (A03), Research Institutes and Public Policy Analysis (A05), Single Organization Support (A11), Fundraising and Fund Distribution (A12), Nonmonetary Support—Not Elsewhere Classified (A19), Arts and Humanities Councils and Agencies (A26), Unknown (A53), and Arts, Culture, and Humanities—Not Elsewhere Classified (A99). In addition, History Organizations (A80), Historical Societies and Historic Preservation (A82), and Commemorative Events (A84) groups are excluded from the target sample as their programs tend to be static such as preserving historical sites although there are cases otherwise. After excluding these categories, there were 29,314 registered nonprofit arts and cultural organizations across the country. Stratified random sampling was used to select a proportional number of organizations from each of the ten groups. Table 3-1 below shows the type of organizations categorized for each group. Each code listed inside the parenthesis refers to the National Taxonomy of Exempt Entities (NTEE) system, used by the IRS and NCCS to classify nonprofit organizations. To perform a stratified random sampling,

organizations in target populations are categorized into 10 groups using the NTEE code:

Arts service, Ethnic/Community groups, Arts education, Media, Arts Museums, (other)

Museums, Performing arts organization, Dance/Ballet, Theatrical Arts, and Music

organization.

Table 3-1. Types of Organizations in the Population

Group	NTEE	Arts, Culture & Humanities	Percent	Freq.
1	A20	Arts & Culture		
	A70	Humanities		
	A90	Arts Services		
		Arts Services	**6.1**	**2,535**
2	A23	Cultural & Ethnic Awareness		
	A24	Folk Arts		
	A27	Community Celebrations		
		Ethnic/Community Groups	**8.7**	**3,603**
3	A6E	Performing Arts Schools		
	A25	Arts Education		
		Arts Education	**4.4**	**1,818**
4	A30	Media & Communications		
	A31	Film & Video		
	A32	Television		
	A33	Printing & Publishing		
	A34	Radio		
		Media	**6.9**	**2,856**
5	A40	Visual Arts		
	A50	Museums		
	A51	Art Museums		
		Arts Museums	**8.3**	**3,430**
6	A52	Children's Museums		
	A54	History Museums		
	A56	Natural History & Natural Science Museums		
	A57	Science & Technology Museums		
		Museums	**4.3**	**1,800**
7	A60	Performing Arts		
	A61	Performing Arts Centers		
		Performing Arts	**3.6**	**1,479**
8	A62	Dance		
	A63	Ballet		
		Dance/Ballet	**4.6**	**1,894**
9	A65	Theater		
	A6A	Opera		
		Theatrical Arts	**10.5**	**4,321**
10	A68	Music		
	A69	Symphony Orchestras		
	A6B	Singing & Choral Groups		
	A6C	Bands & Ensembles		
		Music Organization	**13.5**	**5,578**
		TOTAL	**100.0**	**29,314**

The stratified random sample selection was made by randomly selecting 10% of organizations from each defined group. Once organizations are listed by groups, random numbers are generated for each organization. Then, organizations in each group are sorted by the size of random number that was given to the organization. Every 10th organization on the list was selected. Administrating the online survey required obtaining the e-mail address of selected organizations' executive directors. No one source provides the contact list for leaders at nonprofit arts and cultural organizations across the country. It was done by manually visiting each organization's webpage or in the case of no webpage, other publicly available online sources where the executive directors' contact information could be found. If an organization did not publicly disclose their contact information, the next organization on the list was tried until finding an organization that discloses its leader's email address. In the end, executive directors' e-mail addresses for 3,129 organizations are collected because more random samples were selected initially for theatre and music groups.

Theatre companies were the most frequently found in the purposively selected sample for the qualitative study whereas no music organization was included for the interviews. Given the question whether this is due to the type of arts form they work with or not, oversampling was done for these two groups so that enough observations can be obtained to analyze these two organizations individually. For about a quarter of them, addresses were to be sent to one of staff members in the organization who manage the official email such as info@nonprofit.org. In such case, they were asked to forward the email to the more appropriate person, but were expected to have a relatively lower

response rate than the case that the survey invitation was sent directly to the executive
director's personal email.

Table 3-2.Distribution of Organization Types in the Sample

Group	Type	Main Panels		All Panels	
		# of	Percent	# of	Percent
1	Arts Services	252	9	252	8
2	Ethnic/Community Groups	360	12	372	12
3	Arts Education	180	6	185	6
4	Media	283	10	292	9
5	Arts Museums	344	12	355	11
6	Museums	180	6	181	6
7	Performing Arts	148	5	149	5
8	Dance/Ballet	188	6	190	6
9	Theatrical Arts	432	15	569	18
10	Music Organization	556	19	584	19
	Total	2,923	100	3,129	100

Designing a Questionnaire

Developing a well-constructed survey questionnaire is critical to the success of
survey research (Berry et al. 2003; Dillman et al., 2008; Fowler, 2007; Remler & Van
Ryzin, 2011). The survey instrument was developed by taking rigorous steps to ensure
the ease of answering questions by selecting from predetermined answers without
limiting answerable choices. The developed questionnaire includes questions adopted
from other surveys (Boris et al., 2010; Cameron & Quinn, 2006; Moulton & Eckerd,
2012; Walker et al., 2000). Questions were modified to make them appropriate for this
survey and new questions were created to explore the focus of this study.

Based on findings from the initial interviews, a survey instrument was developed following the tailored design method to maximize survey response rates (Dillman, Smyth, & Christian, 2009). The TDM highlights a scientific approach to survey administration, specific survey protocols, and having the instrument and protocols developed by taking into consideration elements including "survey sponsorship, the nature of the survey population, and variations within it, and the content of the survey questions, among other things" (p.16). The survey used mostly close-ended questions but a few open-ended questions were also part of the questionnaire. The survey instrument was structured to ensure format clarity by using clear fonts and placing only a set of questions together that can be displayed in one screen.

The length of survey matters to the survey response rate. As a general rule of thumb, the longer the questionnaire, the lower the response rate (Dillman et al., 2008). Because the web survey responses can be later linked with the 990 data using randomly generated identifier, as well as with census data of the county that a corresponding organization belongs to, it was not necessary to add questions about many financial, organizational, or community characteristics. The linked data will be particularly useful as it can provide a broader set of variables to study the topic (Relmer & Van Ryzin, 2011). According to the Qualtrics report, the average time to complete the survey was about 15 minutes, as was expected. Respondents were able to go back and forth between questions and instructions during the completion of the survey.

The 25 questions are organized into beginning section, main section, and closing section. In designing the questions, efforts are made to minimize respondent fatigue and maximize the effectiveness of conveying clear messages. The strategy includes mixing

various types of questions, using consistent formats, and utilizing colors and images. Most of questions in the survey had the choice of "Other"*, with which respondents have an option to answer some questions in their own words.

In the beginning, participants were asked a direct question: would they identify themselves either as a community nonprofit organization or a professional arts organization if they had to choose? Also, participants were asked to identify a *type* of organization that best describe them, followed by the question asking whether they presented any programs or activities that emphasize the traditions or cultures of any particular *racial or ethnic* group. The main section included 13 questions divided into separate blocks for ease of looking at each question on screen. Questions cover the type of people served by each, the influence of different stakeholders including executive director, board members, volunteers, and others, organizational culture, size and type of networks each nonprofit is involved in, and the level of involvement in each type of role—the most important question in this survey. Piping technique, using the selected answer for the type of organizations they identify themselves with, was used for the question that asked the perceived level of significance given to civic concerns.

Participants are guided to answer most questions based on their organizations' experience in the last 12 months. The last section is then devoted to respondents' demographic information including gender, age, job title, tenure with their organization, and the number of years working in the nonprofit arts and cultural sector. Respondents' demographic information is collected to evaluate how the leaders' background and their own values matter to the organizations' roles if at all. This strategy worked because the survey invitation was addressed to the leaders at each selected nonprofit arts

organizations with the option of forwarding the questionnaire to the more appropriate

person in the organization. At the end of the survey, participants were asked to share any

comments or suggestions about this study if they chose to. To control for environmental

factors, a set of variables are measured with the variables obtained from the augmented

Census data.

The complete questionnaire shown on Appendix B presents sources of questions

from which questions were either directly adopted or adopted and modified. The

selection of questions is based on the results of in-depth interviews with leaders at

nonprofit arts and cultural organizations done in the previous stage in addition to the

consideration of theoretical hypotheses. Creating a survey questionnaire fully grounded

in the results of qualitative interviews ensures the survey instrument will turn out to be

relevant, useful, and applicable in real-world situations. I shared the survey questionnaire

with survey experts and nonprofit scholars to evaluate each item with regard to unclear

directions, confusing choices, ambiguous items, and unnecessary overlap among the

elements (Dillman et al., 2008). In order to bridge the possible gap between academics

and practitioners in the nonprofit sector, working professionals in the nonprofit arts sector

were also consulted as to the questionnaire.

The survey instrument and invitation message were pilot tested prior to being

distributed to the randomly selected organizations. Prior to the launch, a pilot test was

sent to 100 randomly selected organizations (outside of the entire sample) to validate the

instrument and test its reliability. Pilot survey results ensure the content validity of the

questionnaire but the invitation message was slightly modified after the pilot test. A

message that guarantees participants would receive a copy of the final report once the

study is complete was added after the pilot test. Finally, the survey questionnaire was reviewed and approved by the Rutgers University Institutional Review Board (IRB).

<u>Quantitative Data Collection</u>

Online surveys can be done by either asking respondents to respond to e-mail questionnaires or using an e-mail invitation that directs participants to open a web survey (Fowler, 2009).This study takes the latter approach, accompanied by multiple contacts to maximize responses. Previous research shows that making multiple contacts with respondents is one of the key factors in achieving higher response rates (Dillman et al., 2008; Fowler, 2009; Relmer & Van Ryzin, 2011). To maximize the response rate, critical to generate reliable data, several contacts were made using mixed modes and different messages. About a week before the survey, an invitation was sent to the leaders of randomly selected organizations. Half of the selected sample received a pre-notice of the survey either via letter or e-mail. Then, leaders of all 3,129 randomly selected organizations received a survey invitation via e-mail, followed by two reminders sent a week after and two weeks after the initial invitation.

About one quarter of the survey population is constituted of organizations for which the executive director's e-mail address was not identified, but whose directors and staff members can be contacted via organizational email address such as starting with info@. For those roughly about two thirds of organizations, a mix of different data collection strategies were applied to maximize the response rates. To 731 organizations, about one fourth of selected sample, a pre-notice of the survey invitation letter written on Rutgers School of Public Affairs and Administration's letterhead was sent via USPS mail.

By the time the letter invitations were to be delivered to the postal address listed on the NCCS 2011 core data, a pre-notice e-mail regarding upcoming survey invitation was sent on Wednesday, February 26th 2014 to another 731 organizations. The rest received no pre-notice message prior to the initial invitation to the survey.

On Wednesday, March 5th 2014, an e-mail invitation to a web survey was sent to all panel members with a message that describes the survey and how they can contact the primary investigator to get their questions answered. Over the course of survey administration, several calls and e-mails were received that were intended to either ask about the legitimacy or procedures of the survey or just to talk more about their organizations when they felt survey questions may not have captured all their activities. The invitation contained the embedded URL to the web survey, and explained that they were randomly selected for a national study of arts and cultural organizations as well as the importance of their participation. Most importantly, it emphasized the confidentiality of survey data. The questionnaire instrument was conducted using Qualtric's online survey software, to which respondents were directed by clicking a hyperlink. This online survey software automatically stored the data.

With web surveys, responses tend to come in quickly and thus the reminder can be sent out without much delay (Dillman et al., 2008). A majority of responses came in a day or two after an invitation and each reminder were sent. On Wednesday, March 12th 2014, a week after the initial invitation, an e-mail reminder was sent to all non-respondents. The context of the reminder was to highlight the importance of high response rate and the contribution this research could bring to the field. Another reminder was sent to non-respondents on Wednesday, March 19th 2014, two weeks after the initial

invitation was sent. The survey closed collecting responses on Wednesday, April 2nd

2014. The pre-notice message, initial invitation, and two reminders can be found in

Appendix C.

Identifying information on participants was necessary in case follow-up questions

need to be asked in a future research project, to keep from duplication of organizations,

and more importantly to link survey responses to already available information of the

responding organizations. Organizations' names were replaced with non-identifiable code

by assigning random numerical identifier. The key to decipher the code is stored

separately and accessible only to the primary researcher. The same code was used to

remove organizations' names from the NCCS dataset, so that survey responses and the

NCCS dataset could be combined without individually identifying information.

Quantitative Data Analysis

To analyze quantitative data, factor analysis and multiple regression procedure are

mainly employed. Factor analysis can be used to identify a feasible factor structure within

a given set of observed data, i.e. survey responses (Relmer & Van Ryzin, 2011). Multiple

regression analysis is undoubtedly the most important and widely-used statistical method

in research (Tabachnick & Fidell, 2000; Relmer & Van Ryzin, 2011). Conducting a

multiple regression analysis serves the second research question by exploring the

relationship between the explanatory variables created from the factor analysis procedure

and the dependent variable, the extent of civic functions. For statistical analyses, STATA

version 12 was used. Data were screened to avoid the poor model fit before the statistical

analysis of survey results (Tabachnick & Fidell, 2000).

3. 4. **Ethical Considerations**

This research involves human participants. Hence, the Institutional Review Board (IRB) approvals are obtained separately for the qualitative interviews (IRB# 13-596) and for the online survey questionnaire (IRB# E14-350). Each application for the IRB review provides the description of the project, methods and procedures, and sample selection. Informed consent forms are provided to all interview participants. The confidentiality of participants will be protected by numerically coding each interviewee and using pseudonyms for qualitative interviewees. Interview participants were informed that their real names and organization identification would not appear in any written reports. The organizations surveyed were given randomly generated numeric identifiers. The identifying numbers were used to connect survey responses to their IRS 990 financial disclosure data obtained from the NCCS so that two datasets are combined without using individually identifiable information. All research data are stored in a secure location, and all information that matches up individual respondents with their answers including audio tapes as well as the code to cipher identifying numbers would destroyed after a reasonable period of time.

CHAPTER FOUR: QUALITATIVE INTERVIEW FINDINGS

In the initial phase of this study, interviews were conducted executive directors from non-profit arts and cultural organizations. Their feedback became instrumental in designing the survey for this project, which represents the second phase of the study (findings of which are presented in the next chapter). This chapter is dedicated to presenting the results of qualitative interviews and exploring major factors identified as contributing to an arts and cultural organization's varied level of involvement in civic functions. The chapter begins with a description of each of 21 organizations that were interviewed. Responses were gathered from non-profits across the country, and their feedback reveals several important insights and interpretations. Civically engaged organizations understand the significance of particular shared values, and they also have leaders who are proactive in their approach, particularly in maintaining the relevance of art and cultural organizations in a civil society. Strong arts nonprofits are also engaged in various networks of organizations and have the capacity to identify arts programs that are relevant for their particular community.

4. 1. A Profile of the Respondents as a Group

For this qualitative phase of the study, organizations were purposefully selected from around the country. These organizations varied, however, in terms of size and annual budgets ranging from less than $20,000 to over $10 million. Table 4-1 summarizes the number of organizations for each percentile group of annual budget based on 990 data reported with the Internal Revenue Service in 2011.

Table 4-1. Budget Size of Interview Organizations

Size	Total Expense Percentile Groups (all registered 501c (3) public charities)	Number of Interviewed Organizations
Small	Less than 25% ($32,093)	3
Small to Mid	25% ($32,093) ~ 50% ($81,933)	1
Mid	50% ($81,933) ~ 75% ($251,743)	8
Mid to Large	75% ($251,743) ~ 90% ($887,895)	7
Large	90% ($850,863) ~ 99% ($10.1 million)	1
Major / National	Over 99% ($10.1 million)	1
Total Interview Organizations		21

4. 2. Basic Description of Interviewed Organizations

Organizations included in the purposive sample for the qualitative interviews are engaged in various types of activities. Brief descriptions of programs and mission statements relevant to the civic roles can be found in Appendix D and E. To understand in what ways these organizations perform outstandingly in a civil society, the most prominent civic roles with regard to their programs and missions have been identified. For instance, there was a theatre that develops plays exploring social issues including immigrants, HIV/AIDS, and LGBTQ in a metropolitan community with diverse populations. Such program can bring the unaddressed issues to a broader public attention, fulfilling the advocacy role. Other nonprofits raise awareness about important and timely social issues by holding free talk-back sessions or creating programs through collaboration with human service nonprofits. Programs like talk-back sessions are also beneficial to nurture participatory democracy and build the habits of participation, contributing to increasing social capital. It should be acknowledged, however, that

drawing a clear borderline among various roles each nonprofit plays is nearly impossible because many nonprofits have missions that make them engage in a wide range of activities.

Table 4-2 details the basic profile of interviewed organizations. A half of the interviewed organizations have been founded since 1990, which is consistent with the statistical evidence that demonstrates how nonprofit sector growth began to increase dramatically in recent years (Salamon, 2012). One organization was founded in 1986, but it did not apply for nonprofit tax-exempt status until the mid-1990s. Another organization was originally created as a for-profit entity but became a nonprofit. Among those interviewed, there were more performing arts organizations than others, especially theatre companies. Theatre companies appear unique among the nonprofits interviewed because they have a specific script or storyline, which is ideal when producing civic-oriented programs, whereas other art forms can be more abstract or improvisational and therefore appeal to a narrow subset of the population who is attracted to the art form. Nonetheless, other forms of arts organizations can and do produce civic-oriented programs. Despite the fact that no music organization was selected as a part of the purposive sample, there are cases of arts organizations involved in civic functions. For instance, there are chamber orchestras that hold talk-back sessions related to themes of the music they play. A symphony orchestra in New Jersey states that a part of its mission is "bridging the generations through music." Yet, findings still indicate that the discipline and type of the arts organization are one of the key determinants for organizational capacity to make programs contributing to a civil society.

Table 4-2. Basic Profile of Interviewed Organizations

ID	Type	Interviewee's position	Annual Budget	Founding Year	Area	City	State
Org A	Multipurpose arts and cultural organization	Long term volunteer/One of Founders	$ 18,000	1999	Suburban	Easthampton	MA
Org B	Theater	Founder and Artistic Director	$ 20,000	2010	Suburban	Ithaca	NY
Org C	Theater	Ring Leader (Founding Executive)	$ 27,000	2008	Metropolitan	Washington	DC
Org D	Theater	Producing Artistic Director (Founder)	$ 52,800	2012	Urban	Baltimore	MD
Org E	Ballet	Founding Artistic Director	$ 126,100	2000	Metropolitan	Pittsburgh	PA
Org F	Museum & Museum Activities	Senior Vice President of Programs	$ 140,500	2001	Urban	Peoria	IL
Org G	Multipurpose arts and cultural organization	Executive Director	$ 141,800	1995	Rural	Towanda	PA
Org H	Performing Arts School	Executive Director	$ 167,700	2003	Metropolitan	Los Angeles	CA
Org I	Dance	Managing Director	$ 192,600	1987	Metropolitan	Los Angeles	CA
Org J	Multipurpose arts and cultural organization	Project Director	$ 214,100	2005	Urban	Baltimore	MD
Org K	Arts Education	Executive Director	$ 225,600	2001	Urban	Tracys Landing	MD
Org L	Multipurpose arts and cultural organization	Executive Director	$ 244,300	1977	Urban	Baltimore	MD
Org M	Multipurpose arts and cultural organization	Executive Director (Founder)	$ 359,300	1979	Suburban	Eureka	CA
Org N	Theater	Associate Artistic Director of Community Programming	$ 430,100	1985	Urban	Trenton	NJ
Org O	Dance	One of Founders	$ 445,000	1989	Metropolitan	Oakland	CA
Org P	History Museums	Executive Director	$ 552,000	2003	Urban	Amherst	MA
Org Q	Theater/Performing Arts School	Executive Director	$ 587,100	1993	Metropolitan	Los Angeles	CA
Org R	Arts Education/School	Executive Director	$ 667,700	1963	Urban	Sandiego	CA
Org S	Museum & Museum Activities	Executive Director	$ 836,000	1856	Suburban	Worcester	MA
Org T	Theater	Executive Director	$ 1,635,300	1986	Metropolitan	Los Angeles	CA
Org U	Theater	Executive Director	$ 13,982,300	1974	Metropolitan	Chicago	IL

Although not presented in the table above, the majority of organizations
interviewed gain revenues mainly from contributions, especially individual donations.
There were variations, however, including one that derived most of its income from
foundations, one that does not receive any support from corporations, and one who

derives most of its revenue from government grants. It is not surprising to find that contributions generally make up most of revenues for these organizations since many who were interviewed revealed that admission costs are low, if not entirely free. It remains to be further examined whether arts programs that are relevant to issues facing civil society generate an increase in government grants or contributions from donors.

4. 3. Findings

No one characteristic or set of circumstances fully explains the embrace of civil society or market economy oriented programs, and indeed the interviews revealed that it is often difficult to make a clear distinction between the two. Similarly, it is hard to draw a fine line between artistic mission-fulfilling programs versus those creating outcomes reflecting civil society. Many organizations offer professional arts programs that are relevant to their civil society role. Each organization has its own history, culture, program, mission, and infrastructure, and no single element appears to be salient across sites. Nevertheless, findings of the qualitative interviews indicate that certain factors seem to be influential in shaping an organizations' civic approach.

<u>Leadership and Culture</u>

Most of the interviewed directors mentioned the role of a strong leader who champions civil society-oriented approaches that are reflected in programming. One interviewee says, "Every successful program has like one or few passionate people who really believe in it and moving it forward…I like to say that there's nothing like that

move an organization forward like a good personal agenda… as long as that…my personal agenda is this community involvement and really weaving the arts in to the fabric of community… so that everybody lives in, breath in and feels comfortable to express themselves through the arts."

Although not always, the majority of interviewees indicated that leaders' own values are critical, especially when they are one of the founding members and thus influence organizational culture. One of the interviewed organizations, for example, does not charge admission fees in an aim to involve more people from underserved populations. The founding director explains his motive in this way: "before starting this organization, I've been a part of other theatres that are also nonprofit theatres. There always seemed like a lot of concerns about earning money on top of raising contributions, and then it comes to earning the money…The money being earned comes from the people who obviously could afford pay-for tickets. Sometimes the tickets are $20, which, to some people, is affordable, and sometimes those tickets are hundreds dollars which, for another kinds of people, are affordable. Then, there are so many people who are left out. And we are accepting contributions from people that are tax-deductible. I wanted to create a more pure form of nonprofit by doing everything that we could to make sure anybody could come and see the performance." In other words, the particular values shared within the organization seem to coincide with the personal values of the organization's executive director.

The cases of organization O and R indicate that it is important that other employees share the values initiated by the founders. While explaining why she started working for her organization, one executive director mentioned that she "was very

interested in creating environmental changes and [the founder of the nonprofit] talked about her vision of creating environments that can influence others." Such shared values are often manifested in official mission statements, as seen in Appendix D. One interviewee puts the power of shared goals in this way: "we are sort of a group born out of people who are dedicated to *this idea*…we are much more motivated to do because we all share the goals. When new people come along, we sort of have the history to keep going."

Consistent with the theory of organization culture (Schein, 2010), an organization's history is critical in shaping the core values shared within the organization. For instance, one of the interviewed organizations was originally a touring troupe. Since the audience was not familiar with their organization, they used to modify classic works such as Shakespeare plays to reflect the stories of communities they were touring. When the company evolved to a residency group in the Los Angeles metropolitan area, the organization continued reflecting community voices through its programs.

A subset of interviewed organizations appears to eschew formal, hierarchical organizational structures and procedures. For example, one director describes that his organization always goes through extensive discussions prior to reaching a consensus, but he emphasizes that "I can't really say that this will be realistic for others…our scope is very modest...The model works for us and it could work for others or not in the way they do [business]." Interestingly, during the interview he emphasizes that his organization is a community organization rather than an arts organization despite the fact that the organization exists to present performing arts on stage.

Network

The qualitative interviews also indicated that civically active arts organizations frequently collaborate with organizations in different service sectors or government agencies. These partnerships appear to have been formed as part of an effort to increase one's capacity in other fields or to fulfill goals that are shared by partnering organizations. A respondent leading a multipurpose museum stated that, "we have an on-going program called 'seniors' morning,' where we invite seniors in the community and we work with a number of retirement homes in our community although the program is open to all seniors." In this situation, retirement homes find the program appealing for their constituents while the museum can expects a constant number of visitors through this collaboration. Another interviewee's comment corroborates the statement, "we partnered with Women's shelter in that community and the partnership allowed us to access to their community members so that we can gain stories that we need and be presence inside the community."

Collaborating efforts seem to form when organizations have shared values. One organization serving a rural community with a craft arts organization started a fair about Hispanic art works and the director describes its inception in this way: "it started when I was having a lunch with somebody who worked here in the past and now at the arts council. We just got started talking about the growing Hispanic population… there is a lot of misperception (about Hispanics) in this community and [a] certain amount of hostility and we thought we could do something about [it] to educate people…so that

we're now preparing this fair together focusing on the celebration of Hispanic arts works

and that might bring some positive changes."

Another case reveals how an arts organization actively seeks a partnership with

non-arts organizations to enhance their knowledge of civic issues they are less familiar

with. An art museum's executive director says, "One of the themes [that] emerged from

the workshops during the exhibit on Edgar Allen Poe was obsession and addictions."

Eventually, they created three events related to it in collaboration with a human service

organization dedicated to serving recovering addicts. By initiating a collaborative work

with a health care nonprofit, they were able to gather information about the latest

research on addiction and disease. When asked about how the partnership helped its

artistic mission, the director stated: "we had resources available and the events were

basically filled up with folks interested in the issue as well as in the arts. It was one of the

wonderful blending of arts and community engagement around real community issues,

using the museum as a catalyst for that." The events were said to embrace both arts

audiences and those interested in the issue of addiction. Another director explains that

other organizations in her community are often interested in working with her

organization because of their know-how in reaching underserved groups. She says, "there

are kinds of conversation [that] exist here in Los Angeles, where you have major theater

groups or LA Philharmonic, you know, a lot of them are trying to reach out for new

audiences and they contact organizations like us to build [a] more diverse audience."

<u>Institutional Norms</u>

      The findings from the qualitative interviews also indicated that the perceived trends and values of the industry with which organizations identify have significant impacts on organizations. Many interviewees stressed a changing climate in the arts and cultural sector, an environment where arts organizations will cease to exist if they fail to be relevant to the general public through community issues, especially due to increased competition for funding. One respondent says, "I certainly have seen that social justice organizations or youth development offices recognize the efficacy or the value of using arts as a part of some sorts of social change campaign. Not as window dressing or logos, but the arts making and sharing process as core to communal identity, community organizing, changing perceptions around identities, around issues, so there are increasing mumbling in that direction."

      When asked about the hot issues being discussed in the industry, one director said, "I think engaging the community has been talked about a lot in recent years, but I'm sort of curious about how long the notion of community engagement will go before something else displaces it." She added that these conversations oftentimes go with the criteria for the funding allocation, inferring that the values that major funding organizations put emphasis on can influence the way organizations design programs. Nonetheless, funding issues seem to be more complicated as revealed by one interviewee who shared her experience of being approached by a foundation. The foundation asked her organization to apply for their grant because her organization provides social services through theatrical arts. A different interviewee, however, shared an opposite experience saying, "from the arts funders, I hear 'you are not arts enough' and from the community

funders, I get 'we don't fund arts projects'." The dependency on external funding institutions seems to be an important factor in the way organizations are susceptible to industry expectations.

Regardless, normative guidelines shared within the industry seem to be one of the important factors influencing organizations. Another director notes, "We were a fairly a-typical regional theatre with a variety of high quality arts, bringing works to the area and serving as an economic engine. Then, we found renewed interest in community engagement that has happened for the past four or five years…Our mission statement remains the same, but we have been trying to find a way to reinvest in our community…There are lots of interest now about staying in local, focusing on the local community people, that is what I have noticed in theatre conferences." A few interviewees shared their regular practices of going to conventions or annual meetings to find "what issues other community service providers or community members are talking about, what [services] are being provided, how we can be a part of a larger community, how we can work with social servants or academics."

Community Needs and Operational Capacity

A community's characteristics and needs seem to influence programming at some organizations, according to interviewees. They mentioned various community factors related to their program decisions, such as the number of artists living in the local area or having colleges in the area. For instance, one respondent says, "we are located in an area that has pretty significant liberal arts colleges and state universities, so some of our programs target those college students." The number of other arts and cultural institutions

in the city or town, a high proportion of immigrants, or operating in a high-crime area were also mentioned as the influencing factors. Nevertheless, it seems hard to say that one or two specific community factors would direct organizations one way or another, but several community factors generally combine to influence an organization's programming. For instance, a theater in Baltimore provides most programs for free because the director perceived that the audience for arts and cultural institutions in the region was skewed toward particular racial and age groups. While his perception can be subjective, it indicates the level of community needs perceived by organizations factors in the way organizations want to serve their community.

Among other factors influencing operational factors, one of interview respondents drew attention toward the importance of organizational size. "Smaller arts organizations are more nimble to make changes or challenges more effectively…but a lot of middle and large size arts organizations have over many years have built up with very specific kinds of population helping them to cover their cost. And that just becomes limits of their ability to serve the wider audiences because they having been targeted only specific populations that can afford to see it." Nonetheless, her perspective does not cover the fact that organizations with a larger budget and more years of experience may have better skills or know-how to initiate new programs or attract non-conventional types of audience groups.

The Notion of 501c (3) Organization

During the interviews, several directors mentioned having 501c (3) status and how that factored into their programming decision. For instance, one interviewee

described why her organizations started partnering with a social service organization to raise awareness for academic bullying: "Getting 501c (3) automatically opened us a door for tax-deductible donations and I knew that was an important ability to be able to continue…when we obtained the status, they listed us as 'charitable 501c (3),', 'a charity' you know…so I have to file with the New York State's Charities Bureau. So, I was thinking, okay, that's an interesting combination, it's a theater company but it's also a charity and we better live up to that." A director of another organization that first started as a for-profit entity and obtained its 501c (3) status said that his organization naturally transformed to become 501c (3) because the demographics they serve have shifted from more affluent communities to the less fortunate.

4. 4. Summary of Findings

In sum, these interviews and the review of relevant materials shed light on what factors drive arts and cultural organizations to be conscious of their role in a civil society. Interview data reveal the significance of shared values, the history of the organization, and most importantly, the founding leaders' visions for the organization. Interviews with leaders of these nonprofit arts organizations show that these organizations are conscious about key issues emphasized by peers in their own field or industry. It was clear that nonprofit arts organizations actively involved in civic functions tend to be engaged in partnerships with both arts and, importantly, non-arts organizations. Interacting with other institutions through either formal or informal relationships not only seems to help organizations to expand their expertise, but also affects the way individual nonprofits care about civic issues. Finally, the use of the semi-structured protocol made it possible to

pursue peripheral topics as they arose during the course of interviews, particularly the change in perspective that came with being legally designated a 501c (3) public charity.

Overall, the qualitative interview protocol was effective in both serving as a guide and allowing for variance as the interviews progressed. Interview participants, who were assured of confidentiality with regard to individual identity as well as identity of their organization, vary greatly across regions and size. This variation allowed exploring factors related to organizational capacity such as budget or reputation. In conjunction with the review of the literature in the earlier chapter, key findings from this qualitative study informed the design of the survey questionnaire whose results are reported in the next chapter.

CHAPTER FIVE: SURVEY FINDINGS

This chapter reports on the findings of the original sample survey of arts and culture organizations nationwide, augmented with financial data obtained from IRS Forms 990 and demographic data from the US Census Bureau. This chapter begins by reporting on the survey response rate and presenting descriptive findings, including measures of nonprofit involvement in civic and market functions. It then presents a multiple regression analysis that identifies key factors explaining variation in the level of engagement in civic and market functions. It also reports how nonprofit civil society involvement correlates with executive directors' personal background and organizational financial status.

5. 1. Response Rate

By the close of data collection, there were 1,049 nonprofit arts and cultural organizations that participated in this survey. After excluding partially completed responses, there were a total of 911 completed responses. These responses came from 3,015 organizations that were estimated to have received the survey (after excluding 114 emails that were bounced back), representing a response rate of 30%. Two organizations that completed the survey operate in US territories and were thus removed, as the aim of the sampling was to cover only the 50 US states. Out of 909 analyzable observations, 170 respondents chose to leave comments about the survey, which were helpful to better understand survey outcomes.

5. 2. Representativeness and Basic Description of the Sample

To ensure representativeness of the sample, several steps were taken. First, a
statistical analysis was completed to compare the annual budgets (total expense)[1] of both
responding and non-responding organizations, and no statistically significant differences
were found. As seen in Table 5-1, the proportions of stratified groups align very closely
with the distribution of 501c (3) nonprofit arts and cultural organizations in the total
population, which was the base for the sampling procedure.

5-1. Summary of Sample Organization Type Statistics

Organization Type	Sample		Population	
	Freq.	Percent	Freq.	Percent
Arts Services	80	8.80	2,535	8.65
Ethnic/Community Groups	94	10.34	3,603	12.29
Arts Education	63	6.93	1,818	6.20
Media	72	7.92	2,856	9.74
Arts Museums	97	10.67	3,430	11.70
Museums	57	6.27	1,800	6.14
Performing Arts	50	5.50	1,479	5.05
Dance/Ballet	59	6.49	1,894	6.46
Theatrical Arts	159	17.49	4,321	14.74
Music Organization	178	19.58	5,578	19.03
Total	909	100	29,314	100

Theatrical arts organizations are slightly over-represented as intended (see chapter
3). The survey asked respondents to identify the category that best describes their
organization, but there was a discrepancy between their responses and the NTEE code

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[1] The average annual budget of non-responding organizations (N=2,024) was $1,474,298 while responding
organizations had an average of $1,025,171 (n=1,105) annual budget. The different, however, was not
statistically significant.

(see Table 3-1). While this suggests a possibility for future study, the analytic results of this study relies on the categorization made using the NTEE code.

Location

About 87% of organizations surveyed operate in urban areas, which were identified using the Metropolitan Statistical Area (MSA) code available for each organization in the NCCS 990 data. Half of the organizations (51%) are located in an area where the Primary Metropolitan Statistical Area (PMSA) code is given, and indicated as metropolitan areas. Looking at the total population of 501c (3) arts and cultural organizations, about 84% of arts and cultural organizations operate in urban areas and 42% in metropolitan areas. The comparison with the total population indicates that nonprofits operating in metropolitan areas are slightly overrepresented but only to an extent that should not influence the analyses. At least one observation is made in each of the 50 states. Overall, the sample appears to have little nonresponse bias, although there could be unobserved characteristics that differ from the larger population of all nonprofits. Still, this random sample appears very representative of the population in general and thus is likely to produce highly generalizable results.

Budget Size

When measuring the size of organizations, the natural logarithm of total expenses has been frequently used (Carroll & State, 2009). Nonprofit arts organizations in the final analytic sample have a mean annual budget of $904,599 and a median of $186,144. The

mean budget size in the total population is about $896,812, not much different from the

sample. The median budget size of the total population, however, is only $88,301,

suggesting the underrepresentation of small organizations. It is plausible that the

sampling procedure systematically excluded small nonprofits because they are less likely

to have official websites. Nonetheless, it was the best available way to collect contact

information from a random sample across the country.

Years in Operation

A significant number of surveyed organizations have been in operation for quite a

long time. The operational age was calculated based on when the organization officially

filed for 501c (3) status with the IRS. The median organization age is 20 with the mean of

23 years in operation. About 80 percent of observed nonprofits obtained their 501c (3)

status after 1980 with a half of them founded after the early 1990s. The descriptive

statistics of this sample are consistent with earlier studies (Blackwood et al., 2012;

Salamon, 2012) showing that the number of registered nonprofits increased dramatically

in recent years.

Funding Structure

Figure 5-1 shows the breakdown of nonprofit income sources reported in the

survey. Service/program fees accounted for nearly 40% of revenues for arts and cultural

organizations. For 48% of organizations (N=434), service/program fees were the largest

source of income. In these organizations, 65% of their income is derived from

service/program fees on average. Only less than one out of ten organizations reported no

commercial income, and most observed organizations serve paying customers. It proves

that the sample is effective for the purpose of this study, which is to examine the balance

between service role in a market economy and social role in a civil society.

Figure 5-1. Sources of Income for Surveyed Organizations (N=909)
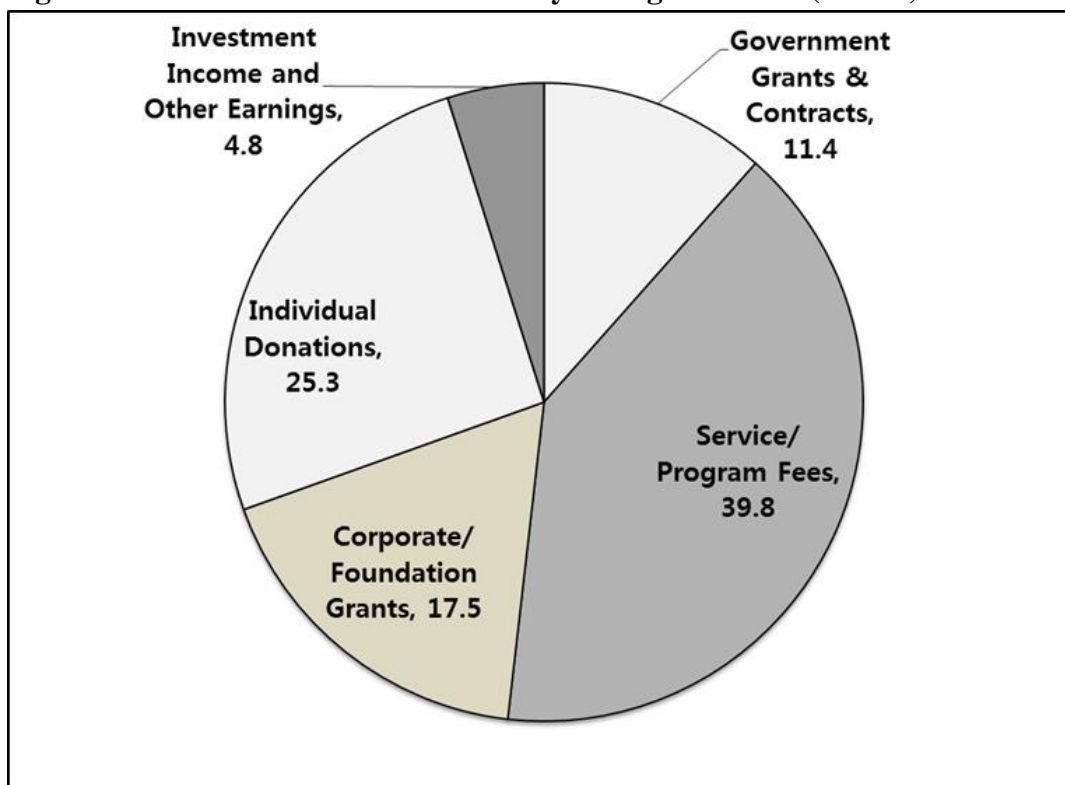
5. 3. Descriptive Findings

In order to gauge their self-identities, surveyed organizations were asked to

choose between two ways to define themselves: a community nonprofit organization or a

professional arts organization. As Figure 5-2 demonstrates, more than 60 percent of

organizations reported that they identify themselves as community organizations rather

than professional arts organizations. Some opted not to answer this "forced-choice" question. This simple self-identification question is further examined in the latter part of this chapter to determine which organizational characteristics are associated with self-identification.

Figure 5-2. Dichotomous Choice of Organizational Type

Community Nonprofit Organization	62.1%
Professional Arts Organization	37.9%
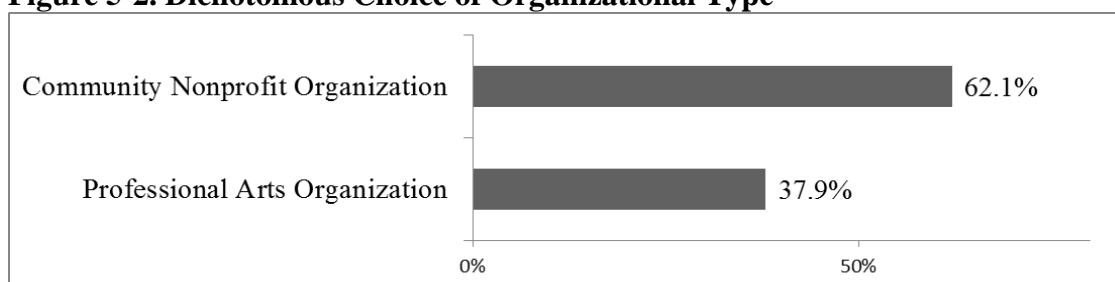
[To the Survey Question 1] If you had to choose, which of these two would you say best identifies your organization? (N=871)

The survey asked organizations to indicate the extent of their involvement in different types of nonprofit roles. The 18 survey items, adopted from Moulton and Eckerd (2012)'s Nonprofit Role Index, were designed to measure organizational engagement in a wide variety of nonprofit roles conceptualized in six dimensions. Moulton and Eckerd (2012) asked respondents to rate the performance on a scale of 1 to 5 with the flexibility of selecting "N/A" for non-involvement. In this survey, respondents were given a slider bar ranging from 0 to 100 to estimate the extent to which their organization has been involved in each of the 18 items. Non-responses to any of 18 items were recoded as value 0 to indicate no involvement. Figure 5-3 shows the results in rank order of involvement.

Figure 5-3. Rank Order of Nonprofit Role Index

Role	Value
Having high quality programs (PSD-2)	88.7
Providing cost-efficient programs (PSD-3)	73.2
Promoting a sense of community (SC-1)	72.8
Meeting an unmet need (PSD-1)	69.4
Trying out new approaches to programs (SE-1)	66.9
Providing a place for people to socialize (SC-3)	66.5
Providing programs that have not been provided before (SE-2)	62.0
Bringing together people of different background (SC-2)	56.8
Engaging volunteers (VE-3)	56.2
Serving users/clients that have not been targeted (SE-3)	50.4
Providing a vehicle for private donors (VE-1)	33.6
Supporting special interests (VE-2)	24.3
Participating in coalitions to influence policy (PA-3)	21.6
Community organizing (CE-3)	21.0
Providing testimony on policy issues (PA-2)	18.8
Promoting public education campaigns (CE-2)	16.3
Participating in government commissions (PA-1)	13.7
Promoting voter participation (CE-1)	7.5

Note: N=909, Minimum=0, Maximum= 100, Please see Appendix F for the full description of each index

Three survey items related to service delivery are ranked on the top of the list, which of course are central for these organizations who deliver art works and receive a substantial portion of their income from program fees. Providing high-quality programs (PSD-B) is most highly ranked, followed by providing cost-efficient programs (PSD-C), and finally promoting a sense of community (SC-A), which is the only civic-related role

ranked among service delivery items that are all listed on the top. Following these is the

mix of social entrepreneurship and social capital role items: trying out new approaches to

programs (SE-A), providing a place for people to socialize (SC-C), providing programs

that have not been provided before (SE-B), and bringing together people of different

backgrounds (SC-B). It is interesting to note that the indexes for citizen engagement and

political advocacy fall very low on the list, especially given how many research papers

focused on the relationship between government funding and nonprofit organizations'

engagement in public affairs (see discussion in Chapter 2). In particular, participating in

government commissions and promoting voter participation are lowest in the rankings. It

is noteworthy that value expressive items, such as engaging volunteers or providing a

vehicle for private donors to express their social values, appear more in the middle of the

ranking, a sign of their steady participation in traditional functions.

Given the conceptual framework, nonprofit role indicators are divided into two

dimensions: those relevant to civil society and those more closely associated with the

market economy. The categorization is presented in the appendix F and is consistent with

the conceptual framework shown in table 2-1. Twelve items that are more relevant to

civil society are combined into a civil society role (civic) index, which shows good

internal reliability (*Cronbach's alpha =0.78*). In the same way, six items were combined

to create a market economy role (market) index with an internal reliability coefficient of

0.81.

The civic index and market index are moderately correlated, as indicated by a

bivariate correlation of $r = 0.47$ that is statistically significant at the 1% level. It suggests

that organizations that are actively involved in one type of role tend also to be actively

engaged in the other type of role. The positive correlation between the market and civic roles may reflect the reality, evidence from the qualitative interviews. That is, many organizations are attempting to be competitive in the markets while simultaneously influencing civil society.

Figure 5-4. Average Civil Society Index Score for Each Group
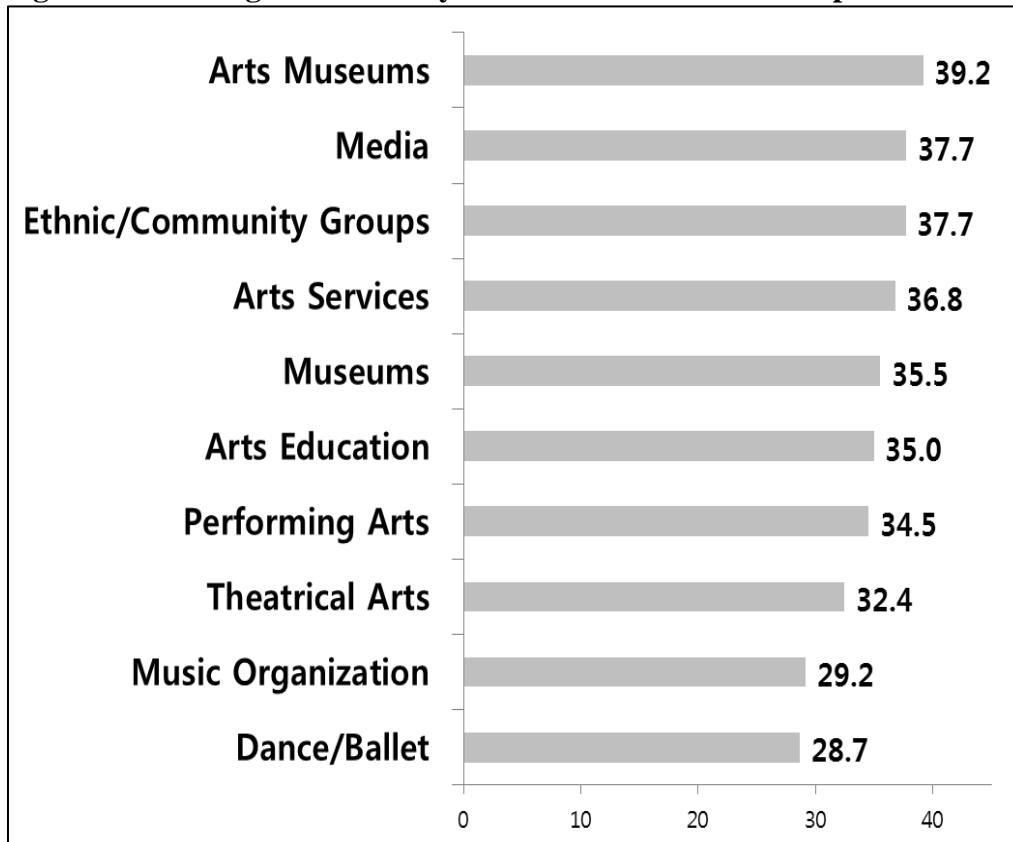
Note: Mean Value of All Organizations is 34.1 and Standard Deviation is 16.4.

Figure 5-5. Average Market Economy Index Score for Each Group
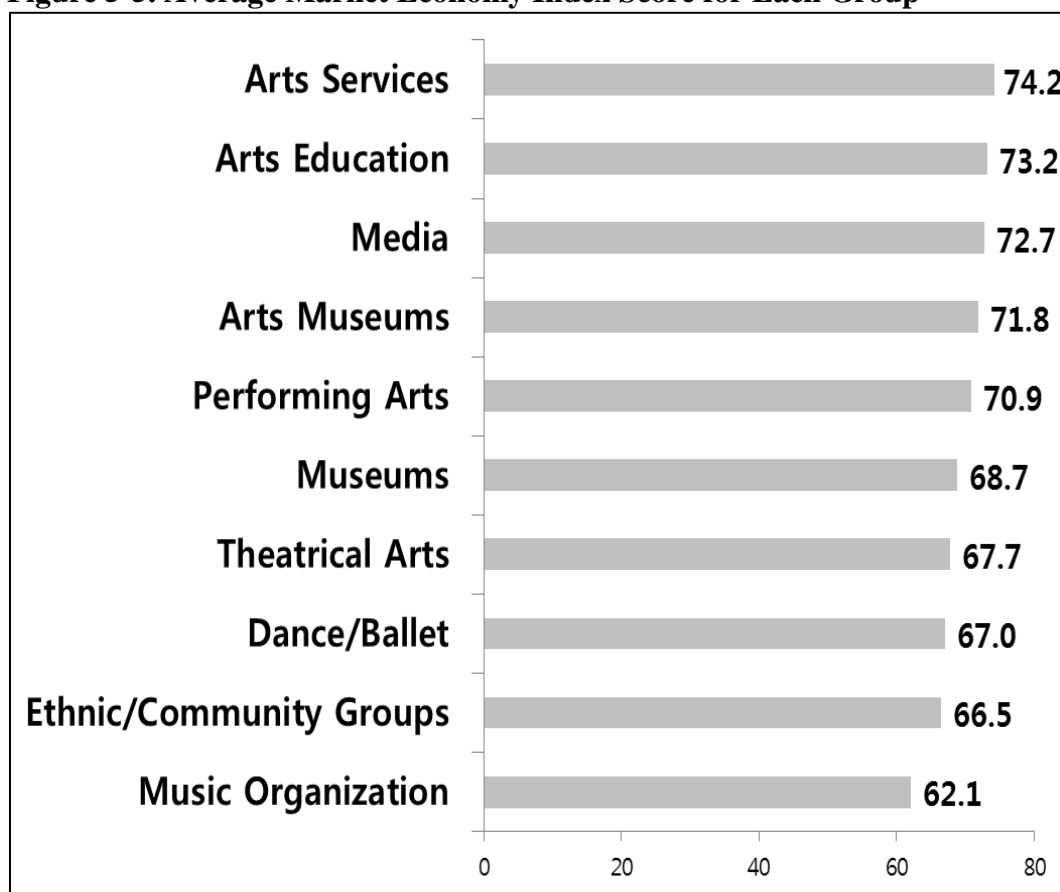
Note: Mean Value of All Organizations is 68.5 and Standard Deviation is 21.7.

Figure 5-4 and Figure 5-5 show the average civic index and the mean value of the market index by the type of organization in rank order. Arts Museums, Media, and ethnic/community groups are listed as the top three on the civic role index order. For the market role index, arts services, arts education, and media groups are found to be the ones that are most highly ranked on average. Theatrical arts, music, and dance organizations are ranked lowest for the civic role. Organizations that are generally ranked low in the market role index are mostly providing specific kinds of performing arts, and these organizations are likely to avoid the idea of providing "cost-efficient" services.

According to Baumol and Bowen (1966), it is particularly difficult for performing arts groups to improve labor productivity despite the advancement of technology. For example, it still takes nearly the same number of actors to present a performance of Hamlet or Mozart Quartet as was needed a century ago. Reductions in unit costs, such as the number of rehearsals or contracts with professional costume designers, would diminish the quality of the artistic outputs. Indeed, music organizations have given the lowest value to "providing cost-efficient programs/services" on average compared to other type of arts organizations. It is worth mentioning that some groups, such as ethnic/community groups, show distinctively different rankings for the two functions, high on the list in Figure 5-4 but second to last in Figure 5-5.

Figure 5-6. Matrix of Civic Role Index versus Market Index Scores
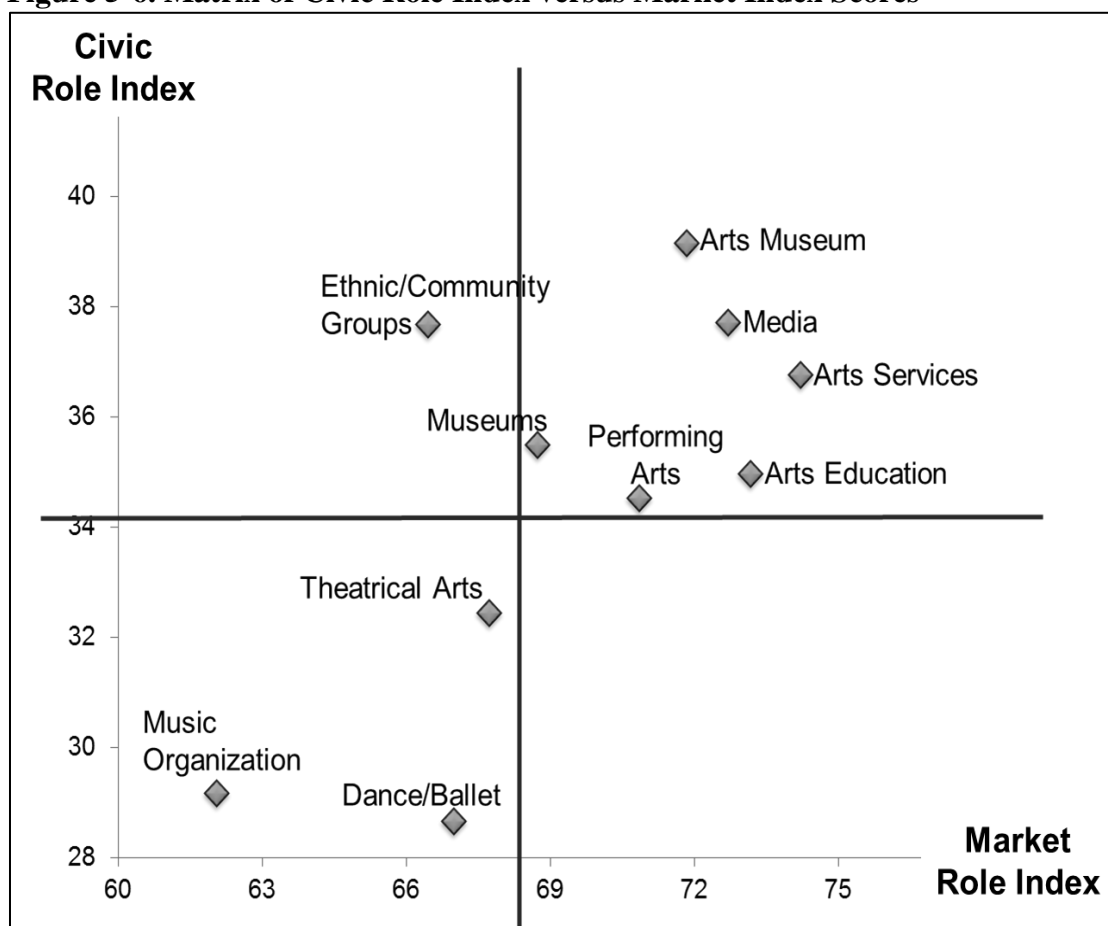
To facilitate comparison of the two index scores, Figure 5-6 shows a plot of the organization types with the civic and market indexes as axes. If the group is located on the right side of the chart, its average market score is greater than that of the entire sample. Groups whose average civic scores are greater than the average civic role index are listed on the upper side of the chart. Overall, it is interesting to note that some types of organizations are ranked higher than the average in both civic and market indexes and therefore listed on the right upper side of the chart. A few groups are ranked lower than the average in both and listed on the left lower side.

Ethnic/community groups are ranked higher than average on civic role index but below the average for the market role. Organizations such as Youth Chinese Ensemble, Hungarian Cultural Center, or Celtic Festival would rely heavily on volunteers and donors and serve as a place where people get together and socialize. Given the nature of their programs, it is reasonable to expect that most of their commercial income is derived from friends and family members of those heavily involved in the activities. Hence, ethnic cultural organizations would be relatively less pulled by market forces while heavily involved in their community activities.

For organizations highly ranked on both roles, including art museums, arts service, and media organizations, one speculation is that these organizations are trying to appeal to the broader population. It would be imperative for public radio stations, for example, to promote their programs using marketing strategies in order to remain competitive against for-profit radio stations. At the same time, they are highly concerned with their community role, such as bringing important social issues to broader attention. Art museums have relatively less flexibility to change the repertoire of their programs compared to other types, such as musical theaters. They must constantly attract visitors to remain competitive and sustainable. Therefore, they are more likely to target populations who are not viewed as a major visitor group, at least in the traditional sense, whereas organizations like ballets, opera companies, symphonies, and theatres may have less incentive to attract people of different backgrounds.

Clusters of organizations that focus on specific art forms like chamber music, symphonies, or contemporary dances have rated lower on both role indexes on average. Nonetheless, it should not be misinterpreted that they do not care about including diverse

audience groups. Rather, this finding refers to their priority in offering high-quality arts programs for that subset of the population who appreciates the particular type of art they offer. Among the stratified groups, opera companies and theatres make up the theatrical arts organizations while multi-purpose performing arts centers are grouped as performing arts. As seen in Figure 5-6, performing arts centers are slightly higher than average for both role indexes, probably because their programs can target a broader population than opera or ballet companies, which attract mostly those interested in opera or ballet.

Organizations such as art schools or music institutes need to generate fees to maintain their programs and need to pay careful attention to market forces; their market index is thus ranked second from the top of the list. Their civic index rank is relatively low, but only a few steps lower, probably because all schools inherently serve as a place to nurture social capital (Putnam, 2000). Taken together, these results substantiate a part of hypothesis 5, namely, that the levels of organizational involvement in civic functions vary depending on the type of arts the organization offers.

It is noteworthy that the civic index average of 34.1 is only about half of the market index average of 68.5. This is not unexpected, however, since most of the market economy relevant role items are highly ranked in Figure 5-3, whereas the majority of civic items were low in the rankings, except for social capital items. Even though the focus of this study is nonprofit civic functions measured in all four dimensions, the results of the factor analysis shown in table 5-2 indicate that political advocacy and social capital roles emerge as distinct sub-factors for civic index.

Table 5-2. Factor Analysis of Civic Role Index Items

	Political Advocacy	Social Capital	Uniqueness
Promoting a sense of community (SC-1)	0.082	**0.722**	0.458
Bringing together people of different background (SC-2)	0.171	**0.543**	0.621
Providing a place for people to socialize (SC-3)	0.035	**0.716**	0.480
Promoting voter participation (CE-1)	0.249	0.090	0.724
Promoting public education campaigns (CE-2)	0.278	0.105	0.638
Community organizing (CE-3)	0.280	0.275	0.534
Participating in government commissions (PA-1)	**0.674**	0.052	0.521
Providing testimony on policy issues (PA-2)	**0.759**	0.098	0.403
Participating in coalitions to influence policy (PA-3)	**0.684**	0.068	0.466
Providing a vehicle for private donors (VE-1)	0.225	0.146	0.784
Supporting special interests (VE-2)	0.247	0.178	0.685
Engaging volunteers (VE-3)	0.134	0.277	0.821
			Total
Variance	1.881	1.570	3.452
Proportion	0.487	0.407	0.894
Scale items (in bold above)	3	3	
Factor-based scale reliability (α)	0.79	0.74	

Note: Principal components factor analysis (unweighted results) using the eigen value criterion to retain factors and showing varimax rotated factor loadings. Bolded loadings indicate items selected to compose the factor-based scales.

The pattern created by the two sub role indexes for each group presented in Figure 5-7 and 5-8 are worth examining. While the pattern of rank orders for ethnic groups, dance/ballet companies, theatres, and music organizations tend to stay the same, other groups show variations from the general civic role index. In particular, arts museums are leaders in public advocacy, such as participating in coalitions to influence policy and/or provide testimony on policy issues. Yet their social capital role is ranked a few steps lower compared to their overall civic role and political advocacy. Performing arts centers appear on top of the ranking in the social capital index, while theatres, dance/ballet and

music organizations are still ranked rather low on the list. This NTEE code based group of performing arts centers include nonprofits that present multiple types of performing arts, whether produced in-house or simply presenting the works. Since much of their work includes theater arts, ballet, dance, and musical performances, it raises a question whether the results are simply due to the various types of performing art they produce or reflect other latent factors related to this type of organization.

Figure 5-7. Average Political Advocacy Role (Sub category of Civic Role) for Each Group
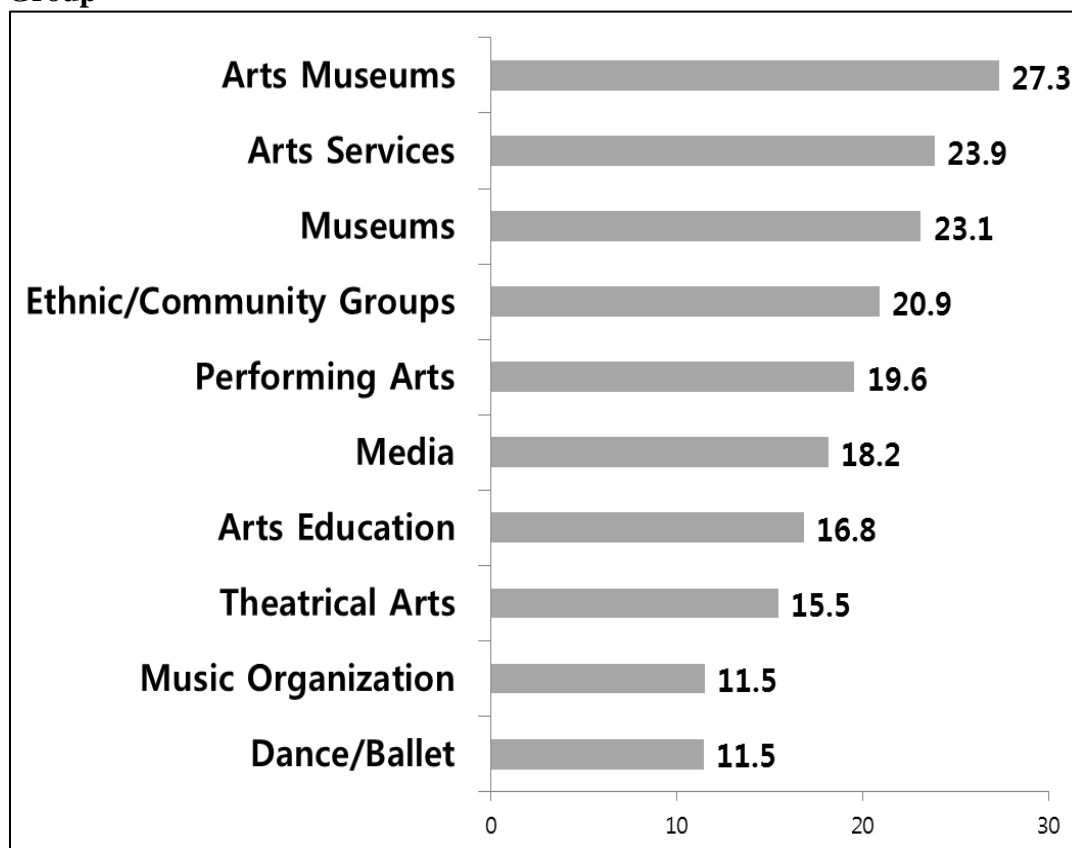
Note: Mean Value of All Organizations is 18.0 and Standard Deviation is 22.5.

Figure 5-8. Average Social Capital Role (Sub category of Civic Role) for Each Group
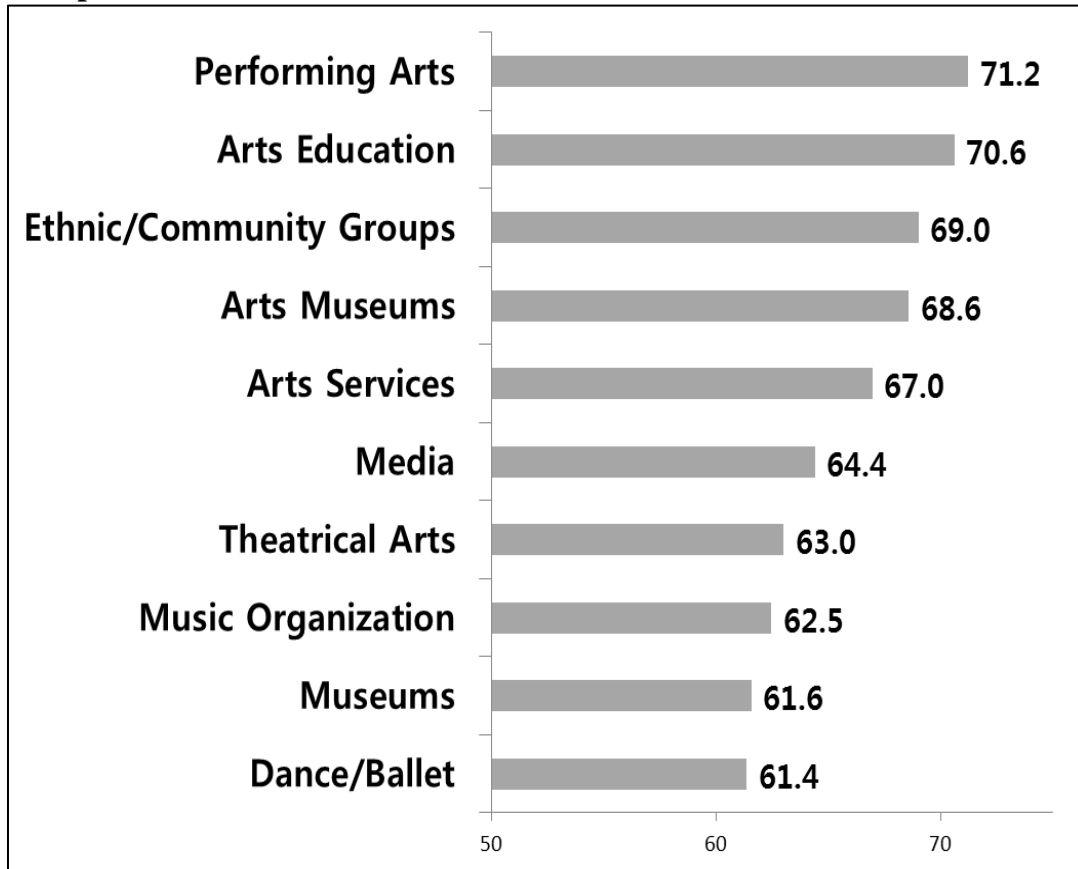
Note: Mean Value of All Organizations is 65.4 and Standard Deviation is 26.8.

5. 4. Regression Analysis and Results

This section reports the findings from a series of multiple regression analyses aimed at answering the main research question of this study: What organizational and contextual factors explain the engagement of nonprofit organizations in the civic life of their communities?

Each of the main variables used in the regression model is explained below, but for other related variables please see appendix G, which provides the detailed description of each variable and sources of measurement.

- **Bureaucratic Culture**: Respondents rated their organization's level of bureaucratic organizational culture based upon a statement. (My organization is a very formalized and structured place. Bureaucratic procedures generally govern what people do.) They rated the extent of their agreement (0=Strongly Disagree to 4=Strongly Agree). Missing values (non-response to the questions) were coded as the middle value of 2.5 to indicate the neutral stance.

- **Dynamic Culture**: Respondents rated the extent of their dynamic organizational culture. (My organization emphasizes growth and acquiring new resources. Readiness to meet new challenges is important.) Responses rated from 0=Strongly Disagree to 4=Strongly Agree. Missing values (non-response to the questions) were coded as the middle value of 2.5 to indicate the neutral stance.

- **Influence of Volunteers (H1):** To measure the extent volunteers are engaged in critical activities of organizations, the survey asked respondents to indicate the degree of influence volunteers have over the direction or goals of the responding organization. (0=none to 5= a lot)

- **Influence of Funders (H1):** To measure the extent organizations are limited by the influence of funders, the survey asked respondents to indicate the degree of influence funders have over the direction or goals of the organization. (0=none to 5= a lot)

- **Government Grants (H1):** Since organizational culture is closely related to a reliance on government funding, the proportion of revenue coming

from government grants and contracts indicated by respondents is included as an independent variable.

- **Variety of Partners (H3):** The survey asked respondents to identify all types of organizations (12 options available) that they have worked with in the past 12 months in order to measure the diversity of their network. Network variety is measured by totaling the number of organization types indicated in survey responses. If an organization has worked with all 12 types of organizations, it indicates that they have the most variety in their network.

- **Number of Affiliated Groups (H3):** The survey asked respondents to identify the number of associations, coalitions or alliances they participate in. Missing values (non-response to the questions) are coded as the middle value of 2.5 to indicate the neutral stance. (0=none, 1=1~2, 2=3~5, 4= more than 5)

- **Institutional Norms (H4):** One survey question asked, "for most [type of organizations], how important are civic issues? The [type of organization] has been inserted using a piped text feature. The [type of organization] is the answer chosen by the respondent when they were asked to select the type of organization that best describes their nonprofit in another question. Available responses were given in a scale of four, from "Not important" to "Extremely important." Non-responses are given the middle value of 1.5.

- **Budget Size (H5):** The natural logarithm of total annual expense, obtained from the NCCS data, is used to measure the organization's budget.

- **Revenue Diversification (H5):** Five revenue items are included to measure the level of revenue diversification, using the Herfindahl-Hirschman Index (HHI). Five items used are government grants, service

fees, corporation and foundation grants, donations, and investment and others, as answered by survey respondents. Measurement follows the formula, RD = (1-HHI) / (1-1/N) and a higher value indicates a greater degree of revenue diversification.

- **Age of Organization (H5):** Not all organizations incorporated as a 501c (3) public charity when they were founded. Since the focus of this study lies on their civic role as a "nonprofit" that provides a benefit to the general public, the organization's age is measured by the number of years it has been operating since it obtained its 501c (3) status.

- **Poverty Rate of the County (H6):** In order to measure the extent of community needs, the poverty ratio is calculated for the county where the responding organization operates. Since median income is highly correlated with poverty rate (-0.8), the poverty rate has been selected to measure the level of need for underserved groups.

- **Racial Ethnic Diversity of the County (H6):** To estimate the diversity in population of different backgrounds, the percentage of non-Hispanic Whites who reside in the county where the organization operates is used as a proxy measure.

- **Political Culture of the State (H6):** This dummy variable indicates whether a governor is a democrat to capture the political culture of the state in which the nonprofit operates.

- **Metropolitan Area (H6):** This dummy variable indicates whether the organization is located in a metropolitan area (denoted by the presence of primary metropolitan statistical areas—PMSA—codes) to estimate the community environment.

The Organizational Cultural Assessment Instrument (OCAI), as developed by Cameron and Quinn (2006), is adopted to measure the culture of organizations. Entrepreneurial culture and a culture that emphasizes stability were measured in the survey using the OCAI measurement. According to the correlation matrix (Table 5-3), bureaucratic culture is positively correlated with the culture that appreciates stability and negatively with entrepreneurial culture. A dynamic culture that highlights growth correlates with the culture of entrepreneurship, confirming its expected consistency and thus reliability of the measurement of the bureaucratic and dynamic culture. All variables measuring organizational culture are included in the correlation matrix in Table 5-3, and bureaucratic culture and growth variables are included in the regression models. [2]

In the earlier part of this chapter, it is demonstrated that reported organizations choose to describe themselves mostly as a "community nonprofit organization," rather than a "professional arts organization." Table 5-3 shows the positive correlation between the civic role index and the community nonprofit indicator. In other words, those self-defined as "community nonprofit organizations" tend to show high scores given to the civic role index. Interestingly, community nonprofits are found less frequently in states governed by democratic governors, metropolitan areas, counties with higher median incomes, and areas with less racial and ethnic diversity. These community factors do not appear to be associated with higher scores reported for the civic role index, however. All main explanatory variables used in the regression analyses are strongly correlated with the civic role index, except for community characteristics. As a whole, the correlations

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[2] Despite the strong correlations, the factor scores did not show good internal reliability. Cronbach's alpha values for two identified factors were below 0.7 and thus have not be adopted for the regression analyses.

among all independent variables included in the regression are not so high as to raise

concerns about multicollinearity.

Table 5-3. Correlation Matrix of Key Variables

	1	2	3	4	5	6	7	8	9	10	11
1 Community Org.											
2 Civil Society Role	0.17 ***										
3 Market Economy Role	0.01	0.47 ***									
4 Service Fees	0.04	-0.13 ***	-0.07 **								
5 Government Grants	0.01	0.07 **	0.10 ***	-0.32 ***							
6 Bureaucratic	0.09 **	0.06 *	-0.12 ***	0.01	-0.02						
7 Dynamic	-0.01	0.21 ***	0.26 ***	-0.03	0.01	-0.01					
8 Stability	0.05	0.04	0.02	0.05	-0.02	0.27 ***	0.18 ***				
9 Entrepreneurial	-0.07	0.22 ***	0.29 ***	-0.07 **	0.07	-0.18 ***	0.40 ***	0.00			
10 Influence of Volunteers	0.30 ***	0.21 ***	0.04	0.00	-0.05	0.08 **	0.00	0.08 **	-0.01		
11 Influence of Funders	-0.02	0.24 ***	0.10 ***	-0.20 ***	0.10 ***	0.10 **	0.07 **	0.02	0.02	0.21 ***	
12 Variety of Partners	-0.03	0.43 ***	0.28 ***	-0.07 **	0.11 ***	0.02	0.16 ***	-0.02	0.21 ***	0.01	0.20 ***
13 Number of Affiliated Groups	-0.05	0.31 ***	0.20 ***	-0.12 ***	0.06 *	0.07 **	0.14 ***	0.09 ***	0.14 ***	0.03	0.16 ***
14 Institutional Norms	0.09 **	0.47 ***	0.24 ***	-0.16 ***	0.10 ***	0.01	0.17 ***	0.05	0.20 ***	0.08 **	0.11 ***
15 Budget Size	-0.22 ***	0.09 ***	0.02	0.01	0.02	0.00	0.05	-0.02	0.08 **	-0.22 ***	0.11 ***
16 Revenue Diversification	-0.19 ***	0.13 ***	0.13 ***	-0.31 ***	0.25 ***	-0.03	0.04	0.01	0.10 ***	-0.10 ***	0.20 ***
17 Age of Organizations	-0.04	0.00	-0.15 ***	0.02	-0.02	0.17 ***	-0.14 ***	0.02	-0.14 ***	-0.02	0.05
18 Political Culture of the State	-0.13 ***	-0.02	0.01	-0.02	0.07 **	-0.09	-0.04	-0.05	0.03	-0.08 **	0.00
19 Metropolitan Area	-0.16 ***	-0.02	0.06	-0.06	0.08 **	-0.05	0.02	0.03	0.02	-0.13 ***	-0.03
20 Median Income of the County	-0.08 **	-0.03	-0.03	0.07 **	-0.03	-0.08 **	-0.01	0.04	0.01	-0.10	-0.04
21 Poverty Rate of the County	-0.05	0.00	0.05	-0.12 ***	0.08 **	0.02	0.04	-0.07 **	0.06	-0.02	0.01
22 Racial Ethnic Diversity of the County	0.12 ***	0.02	-0.09 **	0.10 ***	-0.13 ***	0.04	-0.06 *	0.00	-0.06	0.14	0.02

Table 5-3. Correlation Matrix of Key Variables (Continued)

		12	13	14	15	16	17	18	19	20	21
1	Community Org.										
2	Civil Society Role										
3	Market Economy Role										
4	Service Fees										
5	Government Grants										
6	Bureaucratic										
7	Dynamic										
8	Stability										
9	Entrepreneurial										
10	Influence of Volunteers										
11	Influence of Funders										
12	Variety of Partners										
13	Number of Affiliated Groups	0.42 ***									
14	Institutional Norms	0.31 ***	0.25 ***								
15	Budget Size	0.34 ***	0.23 ***	0.08							
16	Revenue Diversification	0.29 ***	0.16 ***	0.06	0.27						
17	Age of Organizations	0.12 ***	0.08 **	-0.03	0.36 ***	0.20 ***					
18	Political Culture of the State	-0.05	-0.01	-0.02	0.07 **	0.04	-0.09 ***				
19	Metropolitan Area	-0.11 ***	-0.02	-0.03	0.10 ***	0.11 ***	-0.10 ***	0.33 ***			
20	Median Income of the County	-0.08 **	-0.02	-0.01	0.05	-0.05	-0.05	0.43 ***	0.33 ***		
21	Poverty Rate of the County	0.00	0.00	0.03	0.02	0.08 **	-0.02	-0.17 ***	0.08 **	-0.77 ***	
22	Racial Ethnic Diversity of the County	0.16	0.03	-0.04	-0.09 ***	-0.05	0.13 ***	-0.26 ***	-0.61 ***	-0.07 **	-0.41 ***

<u>Regression Analysis Results</u>

Table 5-4 presents the multiple regression analyses of the nonprofit role index, with the independent variables described earlier. In order to show the stability of coefficients for each independent variable, several models are presented in steps to predict the civic role index. The table presents a full model that includes all explanatory and control variables. The analysis primarily focuses on the factors that predict more active nonprofit engagement in a civil society, given that most organizations provide some type of commercial programs. That is, they all operate in a market economy and care about market forces to a certain extent. Still, Table 5-4 includes a full model that examines how these stated factors also predict market role index scores. The comparison of the full model for civic role and that for market role captures how each factor matters to maintaining a balance between these two seemingly disparate domains.

A brief overview of the regression findings will be given first, before turning to a more detailed interpretation of their meaning and implications. As expected, engagement in networks that are both diverse and expansive appears to have strong and significant associations with the likelihood that a nonprofit scores high on the civil role index. In addition, the extent of civic concerns shared by peer organizations appears to induce nonprofits to become more engaged in civic functions themselves. This indicates support for earlier findings from the qualitative study and confirms hypotheses 3 and 4. Variables measuring organizational culture show mixed results, but the regression results clearly show that organizational culture appears to play a role in influencing nonprofit civic engagement. No variable measuring operational capacity appears to be statistically significant, except the type of organization, and therefore hypothesis 5 is only partially substantiated. The results provide no evidence for the influence of community

characteristics, rejecting hypothesis 6. Overall, institutional norms and having a large and diversified network appear to matter most to predict the greater level of nonprofit civic engagement. Also, an organizational culture that encourages substantial volunteer involvement and allows funders to influence the direction of the organization is strongly and positively related to higher scores given on the civic role index. Interestingly, some of these factors that predict high civic role scores are also strongly associated with the greater level of involvement reported for the market roles. It provides the evidence that many nonprofit programs simultaneously contribute to civil society and market economy. In general, the quantitative findings support and corroborate the findings from the qualitative phase.

Table 5-4. Regression Analysis of Nonprofit Role Index

Dependent Variable	Civic Role Index						Market Role Index
Model	Culture	Network/ Industry	Capacity	CMTY	Org Type	Full	Full
Organization Culture							
Bureaucratic	0.03	---	---	---	---	0.03	-0.10 ***
Dynamic	0.20 ***	---	---	---	---	0.10 ***	0.18 ***
Influence of Volunteers	0.17 ***	---	---	---	---	0.15 ***	0.04
Influence of Funders	0.18 ***	---	---	---	---	0.09 ***	0.02
Government Grants	0.06 *	---	---	---	---	-0.03	-0.01
Networks & Institutional Isomorphism							
Variety of Partners	---	0.27 ***	---	---	---	0.27 ***	0.20 ***
Number of Affiliated Groups	---	0.11 ***	---	---	---	0.08 ***	0.07 **
Institutional Norms	---	0.36 ***	---	---	---	0.31 ***	0.12 ***
Operational Capacity							
Budget Size	---	---	0.08 *	---	---	-0.04	-0.09 **
Revenue Diversification	---	---	0.08 **	---	---	0.04	0.08 **
Service Fees	---	---	-0.12 ***	---	---	-0.04	-0.04
Individual Donations	---	---	-0.03	---	---	-0.02	-0.10 **
Age of Organizations	---	---	-0.04	---	---	0.00	-0.10 ***
Community Characteristics							
Poverty Rate of the County	---	---	---	0.00	---	-0.03	0.00
Racial Ethnic Diversity of the County	---	---	---	0.01	---	-0.02	-0.08 *
Political Culture of the State	---	---	---	-0.01	---	0.01	-0.01
Metropolitan Area	---	---	---	-0.02	---	0.02	0.02
Organization Type							
Arts Services	---	---	---	---	0.13 ***	0.03	0.09 ***
Ethnic/Community Groups	---	---	---	---	0.16 ***	0.08 **	0.01
Arts Education	---	---	---	---	0.09 **	0.07 **	0.10 ***
Media	---	---	---	---	0.14 ***	0.06 *	0.06
Arts Museums	---	---	---	---	0.19 ***	0.07 **	0.06 *
Museums	---	---	---	---	0.09 ***	0.00	0.02
Performing Arts	---	---	---	---	0.07 **	0.04	0.06
Dance/Ballet	---	---	---	---	-0.01	0.00	0.02
Theatrical Arts	---	---	---	---	0.08 *	0.07 *	0.07 *
R-Squared	0.126	0.315	0.032	0.001	0.049	0.378	0.222

Note: Table shows standardized coefficients; significance tests based on robust standard errors, *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.1$. N=909

To be specific, the results show organizations that value the culture of dynamic growth place higher values on their involvement in civic affairs. Active volunteer involvement, along with funders who are dedicated to directing the organization's goals, seems to lead to higher level of engagement in civic functions. This suggests that funders may encourage nonprofits to be more actively involved in civic affairs. Contrary to expectations, a bureaucratic organizational culture does not appear to have any significant influence on engagement in civic functions. More formalized and bureaucratized organizational cultures do, however, negatively influence involvement in market functions. In contrast, a dynamic organizational culture is positively associated with the market role index.

It is noteworthy that a reliance on government funding does not show any statistically significant influence in predicting a nonprofit's civic role. However, an analysis focused only on political advocacy or social capital dimensions may reveal different results. This is an area for future research that should be addressed. The preliminary analytical tests also examined if other sources of revenue, which are not included in the regression models reported in Table 5-4, have any effect on predicting the value of the civic role index. No one particular type of income was found to have any significant relationship with the reported level of involvement in civic issues. Since individual contributions are considered to be a way of expressing donors' social values, the absence of a statistically significant relationship between donations and civic roles raises an interesting issue for future exploration.

These regression results show that there is a strong relationship between the variety of networks and the civic role index score. It means that nonprofits report more

engagement in their civic functions when they work with more diversified types of organizations across sectors and types of work. The regression results show that a larger network is associated with a positive and statistically significant increase in the market role index as well. In other words, nonprofit involvement with various organizations increases its capacity to participate in both market and civic roles. This is probably because nonprofits expand not only their capacity to provide program services but also the scope of their concerns when they take part in networks. Organizations expand their knowledge through partnering with organizations and they increase their access to much needed resources by working with other entities. Such expanded capacity can lead organizations to be more competent in a market economy. At the same time, organizations may become interested in civic issues that they have not considered before or create new civically engaged activities when they work with other organizations. By doing so, their activities become more oriented toward civil society, regardless of whether or not they intentionally do so. This interpretation can be supported by the much stronger impact of diversity in types of organizations each works with than that the number of affiliated groups.

High scores are reported on the civic role index when these nonprofits perceive that their peer organizations place a greater emphasis on civic issues. This statistically strong relationship is further supported by several comments left by respondents at the end of the survey. For instance, one participant stated, "I would be interested in knowing what organizations or funders may be presented with the information." This comment reflects how individual organizations are concerned with how other nonprofits and their funders think and behave. Clearly, the finding is coherent with the theory of institutional

isomorphism; that is, organizations seem to emulate the operations of desirable peer organizations and funding institutions. Interestingly, the perceived level of emphasis placed on civic issues within their own field also positively influences market role index scores.

Perhaps these nonprofits may become more conscious of what their peers think about civic engagement when they work together more frequently through networks. Indeed, the variety of partners and the number of affiliated groups are strongly correlated to institutional norms, according to the correlation matrix in Table 5-3. In other words, it seems working in networks may lead to more awareness of institutional norms, creating a combined effect on a nonprofit's motivations and activities. Nonetheless, more rigorous analyses are necessary to examine this subtle relationship between the effect of networks and the tendency toward industry isomorphism.

Operational capacity does not seem to have a significant relationship with civic role index scores. Organizational reputation and experience measured by age as well as the extent of their revenue diversification strategy (which is intended to minimize the potential fiscal risk) do not appear to be associated with the civic role index. The size of the organization does not seem to matter either. All these variables nonetheless appear to have significant associations with the market role index scores. Contrary to the expectation and to the qualitative findings, none of the community factors seem to show a statistically significant impact on the nonprofit role index. Nonprofits operating in racially and ethnically more diversified communities reported greater levels reported for their market role index, although this relationship is only marginally significant statistically. Lastly, the statistically significant coefficients for some group dummy

variables warrant the need to examine this analytic model separately for different types of

arts and cultural organizations.

Table 5-5. Regression Analysis of Civil Society Role Index, by Subsector

Civil Society Role Index	Arts Services	Ethnic/ Community Groups	Arts Education	Media	Arts Museums
Organization Culture					
Bureaucratic	-0.11	0.09	0.17	0.18	-0.03
Growth	0.10	-0.06	0.08	0.03	0.03
Influence of Volunteers	0.09	0.14	0.11	0.03	0.09
Influence of Funders	-0.06	0.01	0.06	0.21 *	0.21 **
Government Grants	-0.05	-0.04	0.00	0.10	0.14
Networks & Institutional Isomorphism					
Variety of Partners	0.17	0.23 *	0.33 **	0.36 ***	0.21 *
Number of Affiliated Groups	0.06	0.26 **	0.08	0.08	0.14
Institutional Norms	0.50 ***	0.21 *	0.13	0.32 ***	0.44 ***
Operational Capacity					
Budget Size	-0.08	-0.18	0.15	-0.15	-0.11
Revenue Diversification	0.20	0.16	-0.01	-0.04	-0.03
Service Fees	0.00	-0.26 ***	-0.12	0.06	0.02
Individual Donations	0.08	-0.15	-0.13	0.30 **	0.11
Age of Organizations	0.16	-0.15	-0.20	0.01	-0.02
Community Characteristics					
Poverty Rate of the County	-0.06	0.13	-0.03	0.14	-0.20 **
Racial Ethnic Diversity of the County	-0.10	0.15	-0.20	0.16	-0.22 *
Political Culture of the State	-0.04	0.07	-0.15	-0.04	-0.11
Metropolitan Area	-0.24 *	0.10	-0.06	0.01	0.03
R-Squared	0.453	0.511	0.472	0.554	0.519
N	80	94	63	72	97

Note: Table shows standardized coefficients; significance tests based on robust standard errors, *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.1$.

Table 5-5. Regression Analysis of Civil Society Role Index, by Subsector (Continued)

Civil Society Role Index	Museums	Performing Arts	Dance/ Ballet	Theatrical Arts	Music Org.
Organization Culture					
Bureaucratic	-0.03	0.32	0.09	-0.09	-0.02
Growth	0.01	-0.01	0.09	0.25 ***	0.08
Influence of Volunteers	0.28 *	0.22	0.36 *	0.23 ***	0.18 ***
Influence of Funders	0.09	-0.18	0.13	0.18 ***	0.03
Government Grants	-0.04	-0.04	0.33 *	-0.05	-0.03
Networks & Institutional Isomorphism					
Variety of Partners	0.28	0.17	0.27 **	0.42 ***	0.27 ***
Number of Affiliated Groups	0.03	0.10	-0.04	0.03	0.05
Institutional Norms	0.36 ***	0.20	0.19	0.19 **	0.36 ***
Operational Capacity					
Budget Size	0.04	0.11	0.16 **	-0.05	-0.09
Revenue Diversification	-0.09	0.31 **	0.39 **	-0.10	0.05
Service Fees	-0.07	0.00	0.53 **	-0.07	0.02
Individual Donations	-0.08	-0.24	0.19	-0.08	-0.01
Age of Organizations	-0.08	-0.37 *	-0.21	0.16 **	0.09
Community Characteristics					
Poverty Rate of the County	0.08	-0.29	-0.04	0.00	-0.03
Racial Ethnic Diversity of the County	0.07	-0.44	0.17	0.09	-0.15
Political Culture of the State	0.14	0.00	0.32 **	-0.07	0.02
Metropolitan Area	0.17	-0.40	0.20	0.15	0.03
R-Squared	0.452	0.395	0.514	0.457	0.359
N	57	50	59	159	178

Note: Table shows standardized coefficients; significance tests based on robust standard errors, *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.1$.

Table 5-5 reports full model regression results for each of ten groups. In general, some factors show consistent relationships with scores on the nonprofit civic role index across groups whereas other factors show distinct variations. For eight out of ten groups analyzed, the variable of institutional norms consistently shows a strong and positive relationship with the nonprofit civic role index. Also, variety of partners shows

statistically significant associations with the nonprofit civic index for seven groups examined. Number of affiliated groups is not associated with the scores given to the civic index for any group, despite its statistically significant coefficient in the model analyzed for the entire sample. The influences of volunteers and funders still appear to be associated with the civic index, but only for some types of organizations. Even though none of the variables measuring operational capacity and community characteristics were found to be statistically significant when the entire sample was analyzed, the sub analyses reveal that some of these operational and environmental factors are strongly associated with the civic role index. For instance, a nonprofit dance company would be civically more engaged if it has a larger annual budget and diversified revenue streams to counteract potential financial risks. This organization's civic role index would also be higher if it operates in a community where they have a democratic governor. For ten different types of organizations, variables measuring operational capacity and community characteristics show different results across groups. Still, these group-specific analyses suggest that it is critical to understand operational capacity and community characteristics in order to comprehend nonprofit involvement in civil society.

Leaders' Personal Value Reflected in Nonprofit Civic Engagement

Survey Respondent Position in the Sample Organizations

As described earlier, all survey invitations were addressed to executive directors or those in equivalent positions at the selected nonprofits. As a result, nearly 75% responses (N=664) were completed by those who identified themselves as an executive director/CEO/President when asked "which of the following best describes your job within your organization?" Some respondents who chose the choice of "other" specified their job as an "executive director as well as artistic director" or "managing director" and these responses are recoded for the given choice of "Executive Director/CEO/President." In the qualitative phase of this study, 7 interviewees out of 21 interviewed were either founding director or one of founding members. Similarly, 34% of survey respondents (N=306) said they are one of the founding members, and 217 respondents were founding directors. These results indicate that many are run by those who initiated the idea and founded the organization, and are closely related to the fact that a majority of nonprofit organizations in US were founded since 1990s. Given the substantial number of surveys completed by leaders at each organization, this study reports how leaders' personal values, approximated by their background, may be reflected in the nonprofit role index.

Table 5-6. Correlation Analysis of Nonprofit Civic Role and Leadership Traits

	Mean	Std. Dev.	Correlations (Pearson r) Civil Society Role Index
Civil Society Role Index	35.20	16.43	
Have ever worked professionally at …	---	---	---
Corporation/business	0.56	0.50	-0.01
Government agency	0.20	0.40	0.12 ***
Human/social services agency	0.15	0.35	0.11 ***
Health care organization	0.08	0.28	0.01
School or educational institution	0.51	0.50	0.13 ***
Political or advocacy group	0.07	0.26	0.10 ***
Community development corporation	0.05	0.22	0.08
One of founding members	0.33	0.47	0.04
Having a degree or formal education in the arts	0.49	0.50	0.08 **
Years worked in the arts and cultural industry	4.56	0.92	0.03

Note: The analysis is done only with those who identified themselves as executive director/CEO/president. Statistical significance indicated by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.1$; pairwise N ranges from 659 to 664. Except the CSRI (Q.1) and Years worked (Q.11), all variables are dichotomous. Years worked (Q.11) were answered by 5 categories (1= less than 1 year, 2= 1~2 years, 3= 3~5 years, 4= 5~10 years, 5 = more than 10 years)

Table 5-6 presents the correlation between the nonprofit civic role index and leaders' professional working experience as well as other relevant background. Focusing first on the top of the table, it is worth noting that more than a half of leaders have professionally worked in businesses and educational institutions at some point in their lives. Civil society role index is positively correlated with having professionally worked in the government agencies, human service agencies, educational institutions, and political groups. More than a half of leaders had some professional experience in the corporate world, no clear relationship was found between having worked in corporations and nonprofit civic role index. Only few leaders reported that they worked in health care industry or at community development organizations.

Nearly one out of two executive directors was formally educated in the arts or has a degree in the arts and these leaders seem to lead organizations offering arts and cultural programs that reflect civic issues. As one of mechanisms for institutional isomorphisms (DiMaggio & Powell, 1983), normative procedures explain that norms developed during education are entered into organizations. This perspective may lend some explanations why organizations led by those having formal educational background in the arts tend to score higher on their civic role index. Being a founding director does not appear to be associated with the civil society role. There is no clear theoretical reason why it should be since non-founding directors would not have joined the organizations if they did not share the core idea of the organization. To conclude, the results shown in Table 5-6 provide some evidence that executive directors' personal values are reflected in the direction a nonprofit arts and cultural organization takes. This conclusion still needs to be further examined with advanced analytic investigation technique. For the full correlation matrix of all variables, please see appendix H.

Table 5-7. Correlation Analysis of Nonprofit Civic Role Index and Financial Sustainability

	Lowest Quintile for the	Civil Society Role Index
Equity Ratio	Net assets / Total revenues	-0.070 **
Revenue Diversification	Using the Herfindahl-Hirschman Index (HHI), five items are used (government grants, service fees, corporation and foundation grants, donations, and investment and others). RD = (1-HHI) / (1-1/N)	-0.112 ***
Administrative Ratio	Administrative expenses / Total expenses, Administration includes fundraising and general management.	-0.073 **
Operating Margin	(Total revenues - Total expenses) / Total revenues	-0.020
All Four Criteria		**-0.133 ***

Note: *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.1$

The last part of this chapter reports findings for the hypothesis based on Mark Moore's public value triangle model. That is, organizations that are civically more engaged are likely to be in financially better situations or organizations that are less active in civic functions would suffer more from fiscal vulnerability. Tuckman and Chang (1991)'s study first developed indicators to predict the fiscal sustainability of nonprofit organizations and since then their four measure criteria have been widely used in many of nonprofit finance research (Carroll & Stater, 2009; Chang & Tuckman, 1996; Greenlee & Trussel, 2000; Grønbjerg, 1993; Frumkin & Keating, 2011; Hager, 2001; Trussel, 2002; Tuckman & Chang, 1991). Their four indicators of nonprofit fiscal

vulnerability include inadequate equity balances, revenue concentration, low administrative costs, and low operating margins. In their study, nonprofits were categorized as becoming "severely at risk" of being financially vulnerable if they fall into the lowest quintile for all four indicators, and "at risk" if any one of the indicators falls into the bottom quintile. This study adopts Tuckman and Chang's (1991) way of measuring nonprofit financial status. Organizations that fall into the lowest quintile for all four indicators are identified and indicated by dummy variables. Table 5-7 looks at how each dummy variable that indicates if the organization falls into the lowest quintile for the stated criteria correlates with the civil society role index.

Organizations that do not diversify their revenue streams and thus need to be heavily reliant on a few income sources appear to be less involved in civic issues, compared to those that diversify revenue streams. The result is noteworthy especially because the regression results report no effect of revenue diversification for the sector in general and for most groups. Having an inadequate equity ratio and low administrative ratio also appear to negatively correlate with the civic role index. Overall, the findings suggest that there is some evidence to support the argument that civically less involved organizations have worse financial status. Conversely, civically active nonprofit arts organizations would be in better financial position. Nonetheless, the findings are only based on a simply correlation analysis and may be subject to change when other important factors are taken into consideration. Furthermore, it is unclear whether organizations become financially more sustainable when they are actively engaged in their civic role or having a better fiscal capacity allows them to be more proactive in their civic role.

5. 5. Summary of Findings

In summary, the survey findings confirm the preliminary conclusion made in the qualitative phase of this study. Organizational culture, networks, and tendency to conform to expectations by peers predict the level of nonprofit civic engagement. Nonetheless, the culture of organizations, especially how they are governed, appears to matter in a different way from the qualitative study. In-depth interviews led to a conclusion that civically more active nonprofits tend to have less hierarchical structures within their organizations and that they often try to have consensus-based decision making procedures. The survey responses, however, do not show any evidence that more a formalized and bureaucratic culture is associated with less civic involvement of nonprofit arts organizations. Reliance on government funding is expected to influence the professionalism within a nonprofit organization. Hence, it is possible that the influence of government grants may have cancelled any potential impact of bureaucratic or non-bureaucratic governance within the organization since government grants are believe to drive bureaucratic culture within nonprofits.

Consistent with the qualitative interview study, networks and peer pressure appear to be the most important factors to understand why some nonprofit arts organizations are more actively involved in civic issues. The study also found some empirical evidence that leaders' personal values that are reflected in their professional background is closely related to the arts and cultural organizations' approach toward civic issues. Finally, the analytic results show some evidence that nonprofits may be able to avoid fiscal hardship

if they are more engaged in their civic role, although this relationship needs further

analyses.

CHAPTER SIX: DISCUSSION AND IMPLICATIONS

This chapter summarizes the findings, recognizes limitations of the study, discusses both theoretical and practical implications, and provides suggestions for future research.

6. 1. Summary of the Study

This study was designed to explore factors that promote or deter nonprofits in their civil society functions. The theoretical framework of this study distinguished nonprofit roles in terms of their closer relevancy to the market economy versus civil society. While clearly acknowledging the complexity of drawing a clear line between the two, this binary classification was useful to study how nonprofit organizations, especially arts and cultural organizations, are balancing their dual roles to operate in market economy conditions and in civil society structures. This is one of the first studies to empirically explore the factors that influence the way nonprofits react when they are equally pulled by market forces and expected to be the central force of a civil society.

Drawing on in-depth interviews with executive directors at 21 nonprofit arts and cultural organizations across the United States, the study first identified main factors that account for the engagement of arts organizations in civic affairs: organizational culture, networks, leadership, operational capacity, and the nature of community. Along with the IRS 990 financial disclosure data and the data from the US Census Bureau of surrounding communities, 909 complete responses suggest that nonprofit arts and cultural organizations are substantially involved in the role of service delivery, creating social capital, and bringing innovative approach to social needs. They are, however, only

marginally involved in citizen engagement and political advocacy, which have been viewed as a more traditional role of nonprofits.

Results from the analyses of the survey show that the influence of volunteers and funders over the nature of work done within nonprofit organizations appears to significantly impact the civic-oriented arts programs, but not the activities engendered by market forces. Nonprofit arts and cultural organizations are likely to be more engaged in both civic and market roles when they have a dynamic organizational culture that focuses on growth. Arts organizations that have more formalized and bureaucratic procedures are less engaged in market functions, but such a culture does not appear to influence involvement in civil society functions. Most importantly, being engaged in a larger and wider variety of networks is strongly associated with engagement in both civil society and the market economy. Certainly, this network effect was one of the strongest factors found to increase nonprofit arts organizations' active civic engagement from the qualitative phase of this study. Not surprisingly, nonprofits with peer organizations that emphasize civic affairs tend to have a greater involvement themselves in civic functions, reflecting DiMaggio and Powell's (1983) institutional isomorphism hypothesis. But the peer pressures on active civic engagement also influence an arts organization's market role to a certain degree. The impacts of these factors, however, vary across ten different types of nonprofit arts and cultural organizations.

Findings of this study indicate that executive directors' personal values matter to the extent nonprofit arts and cultural organizations emphasize civic issues. The study shows that executive directors' working experience in government agencies, social service agencies, educational institutions, and political advocacy organizations positively

correlates with greater relevance of their arts and cultural programs to the civil society. Leaders who have been formally educated in the arts tend to lead their organizations in more civically-oriented ways. The last part of the quantitative analysis reveals that more civically engaged nonprofits are likely to be in a better financial position. Nonetheless, this finding requires a more complex approach to the relationship between nonprofit organizational civic engagement and fiscal sustainability.

Overall, the major contribution of this study is that it demonstrates how nonprofit arts organizations are engaged in both market and civic functions. The survey results indicate that organizations tend to be pulled more by market forces than impulses rooted in civil society. For nonprofit arts and cultural organizations, interacting with more diverse types of organizations in expansive networks seems to simultaneously enhance their capacity to serve and expand the scope of their concerns for broader community issues. This finding further substantiates the earlier point that arts nonprofits are concurrently engaged in multiple activities.

6. 2. Limitations of this Study

This study has a number of limitations that need to be addressed before discussing the implications of the study's findings for theory and practice. Although the study points to key factors that predict nonprofit arts and cultural organizations' participation in civic issues, the evidence is not sufficient to establish that these relationships are causal. It would be useful to discover whether these factors, especially the influence of volunteers and funders, the larger and wider range of networks, and institutional norms are simply associated with the more active nonprofit civic role or indeed cause them to be more

active in civic affairs. This study is based on a cross-sectional survey, but panel observations may provide reliable data to examine the causal relationships. Yet conducting this type of survey every year, or even every other year, can be costly and time consuming. Alternatively, it would be worth trying to identify indicators that can be easily observed from available secondary data, such as the Cultural Data Project (CDP) dataset or the NCCS database. If this study can be expanded to identify reliable indicators to measure nonprofit engagement in various roles, more research projects can be done to better understand the causal influences on nonprofit roles.

Despite the fact that network variety (variety of partners) and membership-based network size (the number of affiliated groups) are found to be one of the most influential factors, the current measurements do not cover the extent to which an organization is engaged with another institution. It only measures the diversity of organization types they work with and the number of alliances or associations each nonprofit is affiliated with. For some organizations, working with only one or two organizations extensively may force them to change their focus while others working with several different organizations may not be largely influenced by partnering organizations.

It is likely that each survey participant has chosen different ranges of scales to begin with when they rated the level of involvement for each type of role. Even though this limitation may be an inherent issue for social surveys, giving them the scale ranged from 0 to 100 may create bigger bias. For instance, one respondent could assign 70 to indicate his/her organization's high level of involvement in one role type while another respondent uses 70 for the roles that his or her organization is less involved in.

Additional limitation of this survey-based study is that engagement levels reported for each role are based on the executive directors' self-perceptions. The actual level of involvement may be different from the ranks reported by leaders. When leaders recognize a lot of concerns about civic issues within their industry, they could be inclined to highly rate their functions relevant to civil society.

Finally, the sampling procedure could not fully include small nonprofit organizations that do not have official webpages where email contact information could have been obtained. Also, the NCCS database, from which the sample was randomly selected, systematically excludes organizations whose gross receipts are less than $5,000.

6. 3. Implications

Notwithstanding some limitations in this largely exploratory study, the analytic results suggest that nonprofit arts and cultural organizations are active in both civic and market oriented domains. Arts and cultural organizations are involved less in most of civic role dimensions, except for developing social capital. In particular, it is salient that many nonprofits are only marginally active in promoting voter participation, participating in government committees, and working with other organizations to influence policy. Putnam and Feldstein (2003) argue that nonprofit arts and cultural organizations have a great potential to bring sensitive social issues to the broader public attention in a relatively relaxed way. Nonetheless, these organizations do not seem to be active as political advocates. As Berry (2005) stated, nonprofits' participation in nonpartisan political affairs appears to be suppressed with unclear guidelines; survey respondents' comments support his perspective. One comment in the survey well summarizes the

widespread misperception, "some of the political activities you are asking about are specifically prohibited for 501c (3) organizations."

A nonprofit organization called "Nonprofit Vote" partners with other US nonprofits to encourage voter participation. Their mission statement includes "help[ing] nonprofits integrate voter engagement into their ongoing activities and services." Their mission is based on the belief that nonprofits are deeply rooted in local communities, and thus have the inherent capability of being proponents of voter and citizen participation. The basic concept parallels Berry's (2005) argument, and the existence of this organization clearly reflects the scope of nonprofit civic engagement from which the public can benefit. Its presence debunks the earlier respondent's comment that participating in voter education and nonpartisan political affairs are prohibited for them. The findings show that not much has changed or improved since Berry (2005) made his argument that "nonprofits are regulated by federal government in such a way that discourages the involvement of their followers in the public policymaking process" (P.568). As he and many others have argued, nonprofits should maximize their ability to work on behalf of underserved populations. For those disadvantaged individuals, nonprofits may be the easier or the only outlets through which they can express their needs and be engaged in public affairs. Nonprofit managers and policy makers need to work together to dispel the widespread current misperception about the scope of nonprofit participation in civic and political issues. Likewise, current federal government regulations over nonprofit civic engagement should be more clearly addressed.

Despite abundant research into whether government grants stifle or encourage nonprofit involvement in public affairs, the reliance on government funding shows no

relationship with the nonprofit engagement in civic functions. A comment left at the end of the survey says, "as long as American non-profit arts organizations rely on major and minor public contributions for their very survival, speaking out on any issue - even in a balanced way - is highly problematic." Given such perception, even though no significant impact of government funding was found, it may be necessary first to redirect the focus on the scope of nonprofit civic engagement. If nonprofit organizations are reluctant to participate in civic and political affairs for legal issues, it would be meaningless to discuss how funding influences their level of participation.

It is no longer plausible for one single organization to adequately address complex challenges in a rapidly changing, uncertain environment. The significant influence of networks found in this study is consistent with the rise of networked governance in public management. Going back to the Figure 1-1, introduced earlier, the growing importance of collaborative governance emphasizes that understanding network effect on the nonprofit sector is not only important for nonprofit management, but also for new public management.

With this cross sectional study, it is not clear whether nonprofit civic engagement is due to participating in networks or nonprofit organizations expand their civic-oriented activities in order to be a part of networks. Regardless, close proximity between networks and civic participation indicates the need to pay more attention to how growing networked governance influences the focus of nonprofit programs. The unique identity of one nonprofit may be compromised, even though the capacity of the organization may increase in the markets. If they try to expand their program focus in a way that is not closely aligned with their core mission, the inflated capacity would not benefit the

organization itself. Findings of this study do not guarantee how organizations perform on their core mission when they are involved in multiple roles. In short, organizations need to balance their roles in a way that works best for them to fulfill core missions.

Although the qualitative phase of this study found that understanding community characteristics was critical to apprehending the focus of nonprofit programs, community characteristics were not found to be an important factor in the quantitative analysis. Nonetheless, open-ended comments left in the survey still implied the significance of community factors. For instance, one respondent stated, "[XYZ] is a war museum honoring local veterans. We are uniquely located at our regional airport and [thus] have an aviation focus." While this kind of comment suggests a need for more rigorous measurement of community characteristics, it is noteworthy that arts nonprofits are more engaged in their market functions if they operate in racially and ethnically diversified communities. Nonprofit arts organizations operate to meet heterogeneous demands from different racial ethnic groups, as best explained by the market economic perspectives. That is, Chinese cultural centers are populated mostly with Chinese heritage; it may be hard to find other ethnic groups in Jewish centers. In short, nonprofit arts organizations may not function well in a way to bring people of different groups into one place where they can comfortably interact with others. Rather they may further contribute to segregating different cultural and ethnic groups.

There is little understanding of how nonprofits that mostly serve paying customers contribute to civil society. Outcomes of this study, despite its focus on the arts and cultural sector, can be highly relevant to other nonprofit sectors such as hospitals, universities, or day care centers. This study hopefully provides a meaningful step forward

in understanding how nonprofits are fulfilling seemingly conflicting goals simultaneously and in a balanced way.

6. 4. Implications for Future Research

The limitations and implications of this study lead to a set of research questions that remain to be explored. First of all, it would be enlightening to examine the relationship between the proportion of government funding and the level of nonprofit engagement in political advocacy measured in this survey. Following up some of survey respondents who expressed negative perspectives about nonprofit organizations' participation in political affairs would be worthy. Since this study only focused on the overall civic role that combined all four dimensions, looking at how relevant factors matter to the dimension of political advocacy and that of social capital respectively will be useful. The tepid interest in promoting citizen participation or being public advocates reflects the necessity that current federal regulations on 501c (3) nonprofit organizations should be reexamined. More research should be conducted to guide policy makers on how they can make current regulations clear to nonprofit managers as well as to the general public.

The close relationship between network effects and the tendency to institutional isomorphism indicates a need to examine how these two are interrelated with regard to nonprofit civic engagement. Being engaged in larger networks is likely to make nonprofits more conscious of what peer organizations care about, but it may not be the case all the time. Working with health care nonprofits or social organizations like soup kitchens may make nonprofit arts organizations think that they are being away from their peers, whereas collaborating extensively with other arts organizations may bring them

closer to market oriented programs. The relationship between networks and institutional norms needs to be further explored.

It would be worthwhile to examine whether the discrepancy between individual assessments and the perceived level of significance by peer organizations for nonprofit civic engagement makes any difference in actual levels of participation. The analysis on leaders' professional and other relevant background indicates that personal value for civic issues matters to nonprofit civic participation. The peer pressure for concern over civic issues apparently has its own significant impact on nonprofit civic participation. One comment reflects that looking at the possible discrepancy would be worth trying. "The study asks if most music organizations are interested in civic issues. If it had asked if MY organization was interested in civic issues I would have answered YES." The comment leads to the next question, what one may do if a leader of nonprofit arts organization regards nonprofit civic involvement necessary but perceives lack of interest in the issue by their peers and funders.

Understanding contextual factors influencing nonprofit roles can not only benefit nonprofit organizations, but also communities that support and benefit from their activities. Further studies that explore such factors would be of value to both nonprofit and public managers.

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Appendix A. Interview Protocol

<Intro>

Hello. Thank you very much for taking time to speak with me. As we discussed earlier, everything you say to me will be completely confidential. I will share the transcripts with you a few days after our interview and you will have an opportunity to clarify or ask to delete any part of it.

<Main>

*Probing questions will not be asked if interviewee readily addresses certain issues when asked main questions.

1. In what ways do you think your organization serves/helps the community?

2. How does that help/serve the community?

3. Why does your organization do that?

   - Probe: Who are the key people in your organizations influence programming decisions? What role(s) do they play?

   - Probe: Does your organization receive funding that affects or otherwise restricts programming in any way?

<Closing>

I'm working on a dissertation that examines how arts organizations are involved with the community. Are there any issues that you would recommend I consider?

Thank you very much for speaking with me today. I would be happy to send you a copy of the final report generated by this project.

Appendix B. Survey Questionnaire

National Survey of Nonprofit Arts and Cultural Organizations

The questionnaire has been programmed into Qualtrics, online survey software.

Thank you for participating in this survey, which will take about 15 minutes or less to complete. Your answers will remain anonymous, and results will be published only in aggregate or summary form. If you have any questions about this survey, please email mirae@rutgers.edu

Q1. If you had to choose, which of these two would you say best identifies your organization?

❍ Community Nonprofit Organization
❍ Professional Arts Organization

Q2. Which of the following more specific terms best describes your organization?

[This question is adopted from the Walker et al. (2000) and modified for this survey.]

❍ Arts Service Organization
❍ Ethnic/ Community Group
❍ Arts Education
❍ Media Arts (ex. Film, Video, etc.)
❍ Arts Museum
❍ Museum (Non-arts)
❍ Performing Arts Center
❍ Dance/ Ballet Company
❍ Theater/ Opera Group
❍ Music Organization
❍ Other _____

Q3. In the last 12 months, has your organization presented any programs or activities that emphasize the traditions or cultures of any particular racial or ethnic group?

[This question is adopted from the Walker et al. (2000) and modified for this survey.]

○ Yes (briefly describe): _____
○ No

Q4. Please estimate the percentage of the people who participate in your programs who are . . . (must add to 100%, your best guess)

[This question is adopted from the Walker et al. (2000) and modified for this survey.]

_____ From the local neighborhood
_____ From the nearby city or county
_____ From farther away

Q5. Please estimate the percentage of the people who participate in your programs who are . . . (must add to 100%, your best guess)

[This question is adopted from the Walker et al. (2000) and modified for this survey.]

_____ White
_____ African American
_____ Hispanic/ Latino
_____ Other

Q6. Please estimate the percentage of the people who participate in your programs who are . . . (must add to 100%, your best guess)

[This question is adopted from the Walker et al. (2000) and modified for this survey.]

_____ Children (under 18)
_____ Adults (18-64)
_____ Elderly (65 or older)

Q7. How much influence do the following people have over the direction or goals of your organization?

	None	A little	Some	A fair amount	A lot
Executive Director/ CEO	○	○	○	○	○
Artistic Director (or Program Director)	○	○	○	○	○
Board of Directors	○	○	○	○	○
Chair of the Board of Directors	○	○	○	○	○
Paid staff (other than listed above)	○	○	○	○	○
Volunteers	○	○	○	○	○
Major donors and funders	○	○	○	○	○

Q8. Please indicate the extent to which you agree or disagree with the following statement about your organization.

[The items are parts of Cameron & Quinn (2006)'s The Organizational Cultural Assessment Instrument (OCAI).]

	Strongly Disagree	Disagree	Agree	Strongly Agree
My organization is a very formalized and structured place. Bureaucratic procedures generally govern what people do.	○	○	○	○
My organization is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks.	○	○	○	○
My organization emphasizes permanence and stability. Efficient, smooth operations are important.	○	○	○	○
My organization emphasizes growth and acquiring new resources. Readiness to meet new challenges is important.	○	○	○	○

Q9. How many associations, coalitions or alliances is your organization a part of?

○ None

❍ 1-2
❍ 3-5
❍ More than 5

Q10. In the last fiscal year, what was the approximate percentage breakdown of your organization's revenue? (must add to 100%, your best guess)

[This question is adopted from the Boris et al. (2010) and modified for this survey.]

_____ Government Grants & Contracts
_____ Service/Program Fees
_____ Corporate/Foundation Grants
_____ Individual Donations
_____ Investment Income and Other Earnings
__100__ TOTAL

Q11. Please indicate if your organization worked with any of the types of organizations listed below in the past 12 months (check all that apply):

[This question is adopted from the Walker et al. (2000) and modified for this survey.]

❑ College or university
❑ Another arts & cultural organization
❑ Arts council or other arts support organization
❑ Business/ commercial group
❑ Library (public or private)
❑ Community or neighborhood organization
❑ Human or social services organization
❑ Youth or after school center
❑ Senior center
❑ Religious institution
❑ Public school
❑ Public agency (other than libraries and schools)

Q12. Looking ahead 5 years, do you expect that your organization's programs will grow . . .

❍ not at all
❍ only a little

❍ some
❍ a fair amount
❍ a great deal

Please pay close attention to answering the following question.

**The order of Q13, Q14, and Q15 as well as the items within each question were randomized.

[The list of items used for Q13, Q14, and Q15 are adopted from Moulton & Eckerd (2012).]

Q13. To what extent would you say your organization has been involved in. . . (Slider bar ranging from 0 to 100 is provided using Qualtrics)
_____ Promoting a sense of community among our users/clients
_____ Bringing together people of different political/economic backgrounds through our programs/services
_____ Providing a place for people to socialize or feel a sense of belonging
_____ Participating in or promoting voter education and participation
_____ Participating in/ promoting public education campaigns (e.g., against teenage drinking)
_____ Community organizing around social issues

Q14. To what extent would you say your organization has been involved in. . . (Slider bar ranging from 0 to 100 is provided using Qualtrics)
_____ Participating in government committees or commissions
_____ Meeting with public officials and staff; providing testimony on policy issues
_____ Participating in coalitions with other organizations for the purpose of influencing policy
_____ Trying out new ideas and approaches to programs/services
_____ Providing programs/services that have not been provided before in this community
_____ Serving users/clients that have not been targeted before for our types of services/programs

Q15. To what extent would you say your organization has been involved in. . .

(Slider bar ranging from 0 to 100 is provided using Qualtrics)

_____ Meeting an unmet need for a particular type of program/service in our community

_____ Providing high-quality programs/services

_____ Providing cost-efficient programs/services

_____ Providing a vehicle for private donors to express their values through our programs/services

_____ Supporting special interests may not be represented in government or business programs/services

_____ Engaging volunteers in critical activities within the organization

[Type of Organization] is piped text with the answer selected in Q2.

Q16. For most [Type of Organization], how important are civic issues?

○ Not Important
○ Somewhat Important
○ Very Important
○ Extremely Important

Before you finish, tell us a little bit about yourself.

Q17. Which of the following best describes your job within your organization?

○ Executive Director/ Chief Operating Officer/ President
○ Artistic Director
○ Chairman of a Board of Directors
○ Senior Manager
○ Professional Staff
○ Other (please specify) _____
○ Board member

Q18. Are you one of the founding members of your organization?

❍ Yes
❍ No

Q19. Please indicate if you have ever worked professionally at any of the following types of organizations (check all that apply):

❑ Corporation/ business
❑ Government agency
❑ Human/ social services agency
❑ Health care organization
❑ School or educational institution
❑ Political or advocacy group
❑ Community development corporation (CDC)

Q20. How many years have you worked in the arts and cultural industry?

❍ Less than 1 year
❍ 1-2 years
❍ 3-5 years
❍ 5-10 years
❍ More than 10 years

Q21. Are you . . .

❍ Male
❍ Female

Q22. What is your age?

❍ 19 or younger
❍ 20-29
❍ 30-39
❍ 40-49
❍ 50-59
❍ 60-69
❍ 70 or older

Q23. Do you consider yourself to be...

❍ White
❍ Black or African American
❍ Hispanic or Latino
❍ Native American or American Indian
❍ Asian / Pacific Islander
❍ Other

Q24. What is the highest level of education you have completed?

❍ High school
❍ Some college
❍ Graduated from college
❍ Some graduate school
❍ Completed graduate school

Q25. Do you have a degree or formal education in the arts?

❍ Yes
❍ No

Q25-1. In what field is your highest degree or formal education?

- ❍ Arts Management
- ❍ Nonprofit Management
- ❍ Business
- ❍ Public Administration
- ❍ Social Work/ Community Development
- ❍ Political Science
- ❍ Health Care
- ❍ Education
- ❍ Other _____
- ❍ Law
- ❍ Fine Arts/ Performing Arts

Do you have any comments or suggestions about this study? (Optional)

Thank you very much for your participation! If you would like to receive a copy of the survey results when they are released, please submit an email to which the report can be sent. (Optional)

Appendix C. Survey Invitation Messages

-------------Survey Pre-Notice Sent Via Email-------------

From: Rutgers University [mailto:noreply@qemailserver.com]
Sent: Wednesday, February 26, 2014 10:00 AM
To: [XYZ]
Subject: [Pre-Survey Notification] Invitation to participate in a study of arts organizations

Dear Director of [XYZ],

We are writing to inform you of an upcoming survey about nonprofit arts organizations and their contribution to the community. The survey is sponsored by the School of Public Affairs and Administration (SPAA) at Rutgers, the State University of New Jersey, and directed by doctoral candidate Mirae Kim under the guidance of Prof. Gregg Van Ryzin.

In a few days, you will receive an email with a link to an online survey along with more information about the study. The survey is short and covers issues related to management and program services of nonprofit arts organizations.

Your answers will be among only a small number of nonprofit arts organizations randomly chosen to participate, so your participation is very important to the study and much appreciated. Your answers will be completely confidential, and all results will be reported only in aggregate form.

We will provide you with a copy of the survey results as soon as they are released.

Sincerely,

Mirae Kim, PI, PhD Candidate
Gregg Van Ryzin, PhD and Co-PI, Associate Professor
School of Public Affairs and Administration, Rutgers University

-------------Survey Pre-Notice Sent Via Email-------------

RUTGERS
chool of Public Affairs
and Administration Newark

School of Public Affairs and Administration (SPAA)   spaa.newark.rutgers.edu
Rutgers, The State University of New Jersey
111 Washington Street   p. 973-353-5093
Newark, NJ 07102   f. 973-353-5907

February 18, 2014

Executive Director or Managing Director

▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮

Dear Director of The African American Art And Culture Complex,

We are writing to inform you of an upcoming survey about nonprofit arts organizations and their contribution to the community. The survey is sponsored by the School of Public Affairs and Administration (SPAA) at Rutgers, the State University of New Jersey, and directed by doctoral candidate Mirae Kim under the guidance of Prof. Gregg Van Ryzin.

In a few days, you will receive an email with a link to an online survey along with more information about the study. The survey is short and covers issues related to management and program services of nonprofit arts organizations.

Your answers will be among only a small number of nonprofit arts organizations randomly chosen to participate, so your participation is very important to the study and much appreciated. Your answers will be completely confidential, and all results will be reported only in aggregate form.

We will provide you with a copy of the survey results as soon as they are released.

Sincerely,

Mirae Kim, Principal Investigator (PI)   Gregg Van Ryzin, PhD and Co-PI
  PhD Candidate   Associate Professor

---------Initial Survey Invitation Sent Via E-Mail--------

From: Rutgers University [mailto:noreply@qemailserver.com]
Sent: Wednesday, March 05, 2014 10:00 AM
To: [XYZ]
Subject: Invitation to participate in a study of arts and cultural organizations

Dear Director of [XYZ],

You are invited to participate in a national survey of nonprofit arts and culture organizations, which is being conducted by researchers at Rutgers University. Your organization is one of only a few selected randomly, so your participation is important in helping to better understand the role played by arts and cultural organizations in their communities.

This survey will take only about 15 minutes or less to complete. You will not be asked to identify yourself in any way, so your answers will remain confidential and no information reported will ever identify you based on your answer.

We will provide all participants with an advance copy of the survey results as soon as they are released. Results will later be published in a nonprofit journal and will help inform practitioners, scholars, and the public about the importance of organizations like yours.

Your participation is entirely voluntary. If you would like to participate, click the link below to begin the survey. If not, simply close the email. Of course, we hope you participate -- and thank you very much in advance for your time.

Click this to begin the survey

*If you do not hold the position of CEO/Managing Director/Executive Director or equivalent position, please kindly forward this message to the appropriate person.

We very much appreciate your cooperation. Please do not hesitate to contact us if you have any questions or need any additional information.

Mirae Kim, PI, PhD Candidate
Gregg Van Ryzin, PhD and Co-PI, Associate Professor
School of Public Affairs and Administration, Rutgers University

----
P.S. If you have any question about the study or study procedures, you may contact the
project's principal investigator, Mirae Kim, at:
School of Public Affairs and Administration, Rutgers University
111 Washington Street
Newark, NJ 07102
Tel: (412) 992-1578
Email: mirae@rutgers.edu

You may also contact my Faculty Advisor, Dr. Gregg Van Ryzin, at:
School of Public Affairs and Administration, Rutgers University
111 Washington Street
Newark, NJ 07102
Tel: (973) 353-3985
Email: vanryzin@rutgers.edu

If you have any questions about your rights as a research subject, you may contact the
IRB (a committee that reviews research studies in order to protect research participants)
by contacting the IRB Administrator at:

Rutgers University, the State University of New Jersey
Institutional Review Board for the Protection of Human Subjects Office of Research and
Sponsored Programs
3 Rutgers Plaza
New Brunswick, NJ 08901-8559
Tel: (848) 932-0150
Email: humansubjects@orsp.rutgers.edu

---------First Reminder Sent Via E-Mail--------

From: Rutgers University [mailto:noreply@qemailserver.com]
Sent: Wednesday, March 12, 2014 10:00 AM
To: [XYZ]
Subject: [Reminder] Invitation to Participate in a Study of Arts and Cultural Organizations

Dear Director of [XYZ],

About a week ago, we sent an invitation for you to participate in a survey about nonprofit arts and culture organizations. Your organization is one of only a few selected randomly for this nationwide study, which is being conducted by Rutgers University.

We are writing again because of the importance of including your views and the experiences of your organization. The survey should take only about 15 minutes or less of your time to complete, all answers are completely confidential, and results will be reported only in aggregate form.

We will provide all participants with an advance copy of the survey results as soon as they are released. Results will later be published in a nonprofit journal and will help inform practitioners, scholars, and the public about the importance of organizations like yours.

Click this to begin the survey

*If you do not hold the position of CEO/Managing Director/Executive Director or equivalent position, please kindly forward this message to the appropriate person.

Thank you in advance for completing the survey – we very much appreciate your cooperation. Please do not hesitate to contact us if you have any questions or need any additional information.

Mirae Kim, PI, PhD Candidate
Gregg Van Ryzin, PhD and Co-PI, Associate Professor
School of Public Affairs and Administration, Rutgers University
111 Washington Street
Newark, NJ 07102
Tel: (412) 992-1578
Email: mirae@rutgers.edu

P.S. As we mentioned in our previous email, this study has been reviewed and approved by the Rutgers University's Institutional Review Board (IRB), and if you have any questions about your rights as a participant in this study, you may contact them by telephone at (848) 932-0150 or send an email to humansubjects@orsp.rutgers.edu.

---------Final Reminder Sent Via E-Mail--------

From: Rutgers University [mailto:noreply@qemailserver.com]
Sent: Wednesday, March 19, 2014 10:00 AM
To: [XYZ]
Subject: [Final reminder] Invitation to participate in a study of arts and cultural organizations

Dear Director of [XYZ],

About two weeks ago, we sent an invitation for you to participate in a survey about nonprofit arts and culture organizations. This is a friendly, final reminder that we would very much like to include your views and the experiences of your organization in our study. Your organization is one of only a few selected randomly for this nationwide study, being conducted by Rutgers University.

The survey should take only about 15 minutes or less of your time to complete, all answers are completely confidential, and results will be reported only in aggregate form.

All participants will receive an advance copy of the survey results as soon as they are released. Results will later be published in a nonprofit journal and will help inform practitioners, scholars, and the public about the importance of organizations like yours.

Click this to begin the survey

*If you do not hold the position of CEO/Managing Director/Executive Director or equivalent position, please kindly forward this message to the appropriate person.

Thank you in advance for completing the survey. Please do not hesitate to contact us if you have any questions or need any additional information.

Mirae Kim, PI, PhD Candidate
Gregg Van Ryzin, PhD and Co-PI, Associate Professor
School of Public Affairs and Administration, Rutgers University
111 Washington Street
Newark, NJ 07102
Tel: (412) 992-1578
Email: mirae@rutgers.edu

P.S. As we mentioned in our previous email, this study has been reviewed and approved

by the Rutgers University's Institutional Review Board (IRB), and if you have any questions about your rights as a participant in this study, you may contact them by telephone at (848) 932-0150 or send an email to humansubjects@orsp.rutgers.edu.

Appendix D. Mission Statements Relevant to Civic Roles

A Part of Mission Statement	Relevant Roles
A collectively run, not-for-profit space, aims to build community and give artists of all types the opportunity to craft, practice, and perform their work in an environment where creativity is valued over profit. Volunteer-run and governed	Value Expression, Community Building,
Dedicated to bringing theatre to audiences at a low cost, so that those who may not be able to manage the high price of the average theatre ticket, can experience quality theatre affordably.	Community Building, Value Expression
Incorporate new ways for audiences to experience theatre	Citizen Engagement, Value Expression
Presents and creates free theatre and dance performances that explore big questions in order to incite meaningful exchanges with our audiences	Value Expression, Community Building
Places special focus on health issues, expressing our shared humanity through intriguing, entertaining, relevant, and inspiring dance with a strong foundation in classical ballet technique	Value Expression
To inspire lifelong learning for all - connecting art, history, science [via partnerships of eight organizations]	Community Building
Fosters awareness and appreciation of the cultural traditions produced by the unique blend of diverse cultures found in our region	Citizen Engagement, Value Expression
Using the medium of theatre, [organization H] confronts many challenges that at-risk youth and visually impaired individuals face…	Value Expression
Through cultivating innovative collaborations with artists, arts organizations and underserved communities, the company brings meaningful interdisciplinary dance to new audiences	Value Expression, Community Building
Brings people and communities together to make and share art about issues that matter to them	Advocacy, Community Building
Dedicated to providing an excellent and accessible artistic environment for older adults, 55 and over	Community Building
Increase public recognition and support of the arts and the role they play in the quality of life and economic vitality of the community	Advocacy
Changes lives of underserved groups by connecting them to resources for cultural development	Value Expression
Committed to the creation and production of socially relevant new plays and community devised arts programming that transforms the lives of individuals and community	Citizen Engagement, Value Expression
A community of people around the world who speak the shared language of a wide and deep variety of play	Community Building
Offers a variety of events and public programs where people are engaged and interact with each other	Community Building
To empower youth in underserved and at-risk environments with the means and methods necessary to explore personal and social conflicts and develop self-esteem, communication and coping skills to make positive life choices	Value Expression
Dedicated to helping young people identify their cultural roots	Citizen Engagement, Value Expression
committed to fostering creative problem solving and imagination	Value Expression
Building bridges between and within diverse communities in the region	Community Building
Where great acting meets big ideas. Our passion is to tell stories about how we live now.	Community Building

Appendix E. Programs/Activities Relevant To Civic Roles

Programs/Activities Relevant to Civic Functions	Most Relevant Roles
The organization provides a community arts space open to all and run entirely by volunteers and governance is made by consensus only.	Citizen Engagement, Democratic governance
Invite local professors and working professionals from the community to hold free talk-backs/collaborating with human service organizations to raise awareness about important and timely social issues	Community Building, Citizen Engagement
Invites audiences to form a community over the course of the show and invite them to have a value-based discussion about the imagined world. No hierarchy exist in management team.	Advocacy, Community Building
Every ticket is free–every seat at every performance. This organization's own community organizers go out to invite diverse audiences in order to make the audience population reflective of the community they live.	Value Expression, Community Building
The programs are designed to promote healthy living and positive body image through dances to reach out to audience populations who may be intrigued by the company's philosophy.	Advocacy
This organization is an outcome of a collaborative effort of eight organizations.	Community Building
This organization formed entirely by volunteers who had been engaged in a cultural inventory of the area.	Citizen Engagement, Value Expression
Started as a for-profit company but the organization became 501c3 nonprofit as they shifted its focus to serve underserved demographics from serving affluent communities.	Value Expression
Performances occur in unusual spaces such as Laundromat in order to bring works to the community that are not expecting, which causes them to re-evaluate their surrounding.	Value Expression, Community Building
The purpose of projects are said "to unearth the value of the arts as an asset for the community organizing and changing perceptions around identities and issues."	Advocacy, Community Building
The program is based on the belief in the positive influence of active engagement in the arts on the overall health of older adults, and encourages participating seniors to meet new friends.	Value Expression
One of main activities is connecting citizens with their lawmakers over important issues related to the arts and community.	Advocacy
This organization connect the community with resources for cultural development and assist community generated arts and cultural program development. Its co-marketing practices for businesses help them assist	Community Building
New productions are made based on interviews with community people. Community members are then invited to see the plays and talk about community issues.	Citizen Engagement, Value Expression
Classes take different shapes forms, which involve interaction with at least one or a few other people, providing excellent ways to connect easily with others.	Citizen Engagement
Lively programs--from poetry marathons and an annual 19th-century children's circus to rock concerts, lectures and hands-on workshops--are offered to attract a wide and diverse audience.	Community Building
All classes/workshops and performances are free to remove cost barriers for underserved populations. Programs are particularly focused on youth living in underserved and at-risk environments.	Value Expression
The organization offers programs for deprived children whose families cannot afford to appreciate the arts and arts education for various reasons.	Value Expression
This organization used to be an early form of social entrepreneurship aimed to help immigrant populations. Now, it serves as a community arts organization.	Community Building
This theater develops plays exploring social issues including immigrants, HIV/AIDS, and LGBTQ in a metropolitan community with diverse populations.	Advocacy
This organization provides several events which serves as an environment where our various communities can come together to talk about ideas and share experiences.	Community Building

Appendix F. Nonprofit Role Index Survey Items

	Role Index		Mean	Std. Dev.	Survey Items (Q 13 - 15)	Code
Civil Society	Social Capital	1	72.8	29.9	promoting a sense of community among our users/clients	Promoting a sense of community (SC-1)
		2	56.8	35.5	bringing together people of different political/economic backgrounds through our programs/services	Bringing together people of different background (SC-2)
		3	66.5	33.3	providing a place for people to socialize or feel a sense of belonging	Providing a place for people to socialize (SC-3)
	Citizen Engagement	1	7.5	20.7	participating in or promoting voter education and participation	Promoting voter participation (CE-1)
		2	16.3	27.6	participating in/ promoting public education campaigns (e.g., against teenage drinking)	Promoting public education campaigns (CE-2)
		3	21.0	29.3	community organizing around social issues	Community organizing (CE-3)
	Political Advocacy	1	13.7	23.9	participating in government committees or commissions	Participating in government commissions (PA-1)
		2	18.8	27.2	meeting with public officials and staff; providing testimony on policy issues	Providing testimony on policy issues (PA-2)
		3	21.6	28.8	participating in coalitions with other organizations for the purpose of influencing policy	Participating in coalitions to influence policy (PA-3)
	Value Expression	1	33.6	34.8	providing a vehicle for private donors to express their values through our programs/services	Providing a vehicle for private donors (VE-1)
		2	24.3	33.0	supporting special interests that may not be represented in government or business	Supporting special interests (VE-2)
		3	56.2	34.5	engaging volunteers in critical activities within the organization	Engaging volunteers (VE-3)
Market Economy	Public Service Delivery	1	69.4	32.1	meeting an unmet need for a particular type of program/service in our community	Meeting an unmet need (PSD-1)
		2	88.7	18.5	providing high-quality programs/services	Having high quality programs (PS-2)
		3	73.2	30.2	providing cost-efficient programs/services	providing cost-efficient programs (PSD-3)
	Social Entrepreneurship (Innovative)	1	66.9	29.3	trying out new ideas and approaches to programs/services	Trying out new approaches to programs (SE-1)
		2	62.0	35.0	providing programs/services that have not been provided before in this community	Providing programs that have not been provided before (SE-2)
		3	50.4	33.6	serving users/clients that have not been targeted before for our types of services/programs	Serving users/clients that have not been targeted (SE-3)

Note: To the question, "To what extent would you say your organization has been involved in…" all 18 items were answered with a sliding bar scale that ranges from 0 to 100. The list of nonprofit role index has been obtained from Moulton and Eckerd (2012).

Appendix G. Description of All Key Variables

Factor	Variable	Mean	Std. Dev.	Description	Source
Organization Culture	Bureaucratic	1.92	0.76	My organization is a very formalized and structured place. Bureaucratic procedures generally govern what people do. (0=Strongly Disagree to 4=Strongly Agree)	Survey Q8
	Entrepreneurial	3.06	0.76	My organization is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks. (0=Strongly Disagree to 4=Strongly Agree)	Survey Q8
	Stability	3.08	0.66	My organization emphasizes permanence and stability. Efficient, smooth operations are important. (0=Strongly Disagree to 4=Strongly Agree)	Survey Q8
	Dynamic	3.23	0.68	My organization emphasizes growth and acquiring new resources. Readiness to meet new challenges is important.	Survey Q8
	Influence of Volunteers	1.51	1.13	The degree of influence volunteers have over the direction or goals of the responding organization. (0=none to 5= a lot)	Survey Q7
	Influence of Funders	1.52	1.07	The degree of influence major donors and funders have over the direction or goals of the responding organization. (0=none to 5= a lot)	Survey Q7
Network	Variety of Partners	6.29	2.91	The number of organization types of organizations among 12 types provided that the responding organization worked with in the past 12 months.	Survey Q11
	Number of Affiliated Groups	2.72	0.92	A range of number of associations, coalitions or alliances the responding organization is part of. (0=none, 1=1~2, 2=3~5, 4= more than 5)	Survey Q9
Institutional Isomorphism	Institutional Norms	1.50	0.84	How important civic issues are for the type of organizations they identify themselves with. (0=Not Important to 4=Extremely Important)	Survey Q16
Source of Income	Government Grants	11.43	16.14	Proportion of income coming from government grants & contracts	Survey Q10
	Service Fees	39.84	28.57	Proportion of income coming from service/program fees	Survey Q10
	CorpFound Grants	17.54	19.10	Proportion of income coming from corporate/foundation grants	Survey Q10
	Donations	25.29	22.71	Proportion of income coming from individual donations	Survey Q10
	Investment & Others	4.84	11.68	Proportion of income coming from investment income and other earnings	Survey Q10

Appendix G. Description of All Key Variables (Continued)

Factor	Variable	Mean	Std. Dev.	Description	Source
Operational Capacity	Revenue Diversification	0.64	0.25	Five revenue items are included to measure the level of revenue diversification, using the Herfindahl-Hirschman Index (HHI).	Survey Q10
	Budget Size	12.18	1.91	Natural logarithm of the total expenditure in 2011	NCCS (2011 Core Data)
	Age of Organization	23.47	15.66	Number of years an organization has been operating since the year it obtained the 501c3 status, 2014 - IRS ruling year	NCCS (2011 Core Data)
Community Needs	Political Culture of the State	0.64	0.48	Whether a governor is democrat. (1= Democrat, 0= Republican)	National Governors Association
	Metropolitan Area	0.52	0.50	If there is a Primary Metropolitan Statistical Areas (PMSA) given to the observation, the organization is located in metropolitan area.	NCCS (2011 Core Data)
	Median Income of the County	10.89	0.24	Median income in the county the responding organization operates.	2011 American Community Survey (ACS)
	Poverty Rate of the County	16.12	5.20	Percentage of people in all age groups living under poverty line in the county the responding organization operates.	2011 Small Area Income and Poverty Estimates (SAIPE)
	Racial Ethnic Diversity of the County	59.85	20.90	Percentage of Non-Hispanic Whites in the county the organization operates.	2010 Census

Appendix H. Correlation Matrix of Nonprofit Civic Role and Leadership Traits

	Mean	Std. Dev.	Correlations (Pearson r)									
			1	2	3	4	5	6	7	8	9	10
Civil Society Role Index	35.20	16.43										
Have ever worked professionally at …	---	---	---									
Corporation/business	0.56	0.50	-0.01									
Government agency	0.20	0.40	0.12 ***	0.07 *								
Human/social services agency	0.15	0.35	0.11 ***	0.04	0.18 ***							
Health care organization	0.08	0.28	0.01	0.07 *	0.04	0.16 ***						
School or educational institution	0.51	0.50	0.13 ***	0.02	0.10 **	0.08 **	0.03					
Political or advocacy group	0.07	0.26	0.10 ***	0.13 ***	0.19 ***	0.16 ***	0.14 ***	0.10 ***				
Community development corporation	0.05	0.22	0.08	0.10 **	0.14 ***	0.10 **	0.08 **	0.06 *	0.25 ***			
One of founding members	0.33	0.47	0.04	0.01	-0.03	0.03	-0.03	0.10 **	0.06	0.09 **		
Having a degree or formal education in the arts	0.49	0.50	0.08 **	-0.11 ***	-0.01	-0.02	0.01	0.12 ***	0.01	-0.08 **	0.07 *	
Years worked in the arts and cultural industry	4.56	0.92	0.03	-0.08 **	-0.05	-0.05	-0.13 ***	0.11 **	-0.01	0.00	0.19 ***	0.23 ***

Note: The analysis is done only with those who identified themselves as executive director/CEO/president. Statistical significance indicated by *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.1$; pairwise N ranges from 659 to 664. Except the CSRI (1) and Years worked (11), all variables are dichotomous. Years worked (11) were answered by 5 categories ranging from less than 1 year to more than 10 years.

Curriculum Vitae
MIRAE KIM

Date and Place of Birth: August 6, 1983 in Seoul, South Korea

EDUCATION
 Rutgers, the State University of New Jersey, Newark, NJ   [2010 – 2014]
        Doctor of Philosophy in Public Administration, School of Public Affairs and
   Administration (SPAA)
 Carnegie Mellon University, Pittsburgh, PA   [2007 – 2009]
        Master of Arts Management, H. John Heinz III College
 Seoul National University, Seoul, South Korea   [2003 –2007]
        Bachelor of Arts in English Language & Literature
 University of Auckland, Auckland, New Zealand   [2005 –2006]
        One Year Student Exchange Program

PEER-REVIEWED PUBLICATIONS
Kim, Mirae (in press). "Socioeconomic Diversity, Political Engagement, and the Density
        of Nonprofit Organizations in U.S. Counties", *American Review of Public
        Administration,* (online before print, October 2013).

Kim, Mirae and Van Ryzin, G.G (in press). "Government Funding and the Willingness
        to Donate to Arts Organizations: Results of a Survey Experiment", *Nonprofit and
        Voluntary Sector Quarterly,* (online before print, May 2013).

Grizzle, C., Sloan, M., and **Kim, Mirae**. (in press). Factors that Influence the Size of
        Nonprofit Operating Reserves, *Journal of Public Budgeting, Accounting, and
        Financial Management.*

PROFESSIONAL EXPERIENCE
Civic Engagement magazine, Newark, NJ   [2010 –2013]
        Managing Editor
The Pittsburgh Cultural Trust, Pittsburgh, PA   [2008 –2009]
        Development Apprentice (Part-time)
Alumni Relations & Annual Giving at Carnegie Mellon University, Pittsburgh, PA
[2007 –2009]
        Tele-Fundraiser (Part-time)
City Theatre, Pittsburgh, PA   [2008 –2008]
        Development Intern (Part-time: January-May, Full-time: May-August)