"They Are All Organizations": The Cultural Roots of Blurring between the Nonprofit, Business, and Government Sectors*

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Abstract. An important transformation is reshaping once-distinct social structures, such as charitable and religious groups, family firms, and government agencies, into more analogous units called organizations. We use the ideas of sociological institutionalism to build a cultural explanation for the blurring between traditional sectors. In contrast to mainstream theories of power or functionality, we argue that it is increasingly difficult to distinguish between these historically separate entities because of global cultural shifts characterized by a growing emphasis on science, which renders the world subject to systematic principles, and the expansion of individual rights, responsibilities, and capacities. Focusing mainly on nonprofits, our approach explains two important features of contemporary blurring that are overlooked in current explanations: that the practices associated with becoming more like business or government in the nonprofit sector spread beyond known instrumental utility and the demands of funders or clients, and that sector blurring is not simply a transfer of new practices into the world of nonprofits and government. All sectors are changing in similar ways in the current period.

**"They Are All Organizations": The Cultural Roots of Blurring
Between the Nonprofit, Business, and Government Sectors**

An important transformation is reshaping the formal structures of once-distinct entities, such as religious groups, hospitals, schools, family firms, and government agencies, into analogous units of a higher and more abstract order, called organizations. As is well-recognized, "organizations" are a distinct contemporary type of social structure (Coleman 1982; Perrow 2009); different from alternatives such as bureaucracy, firm, or charity and cutting across these earlier forms (Meyer & Bromley 2013, Brunsson & Sahlin-Andersson 2000). Management guru Peter Drucker has pointed out that the word "organization" as we understand it today, connoting a bounded entity, found its way into the *Concise Oxford Dictionary* only about 1950 (Drucker 1992). Focusing particularly on the voluntary sector, we argue that the social construction of the meta-category of "organization" generates blending and blurring across traditional sectoral boundaries. As the new category emerges, previously separate structures are transformed into more similar entities on multiple fronts. Existing accounts focus too narrowly on changes to a certain sector or certain practices. Our arguments proffer a new and more complete explanation for the widely-observed and massive changes leading core forms of social structure – charities, government agencies, and firms – to become more alike.

We argue that this emergent category of social structure – organization – arises from two great cultural shifts asserting, first, that individuals have a great many rights and capacities as empowered social actors, and, second, that social activities can and should be managed through the application of science-like principles covering the natural and social environment. These cultural principles are universalistic, cutting across social sectors and extending around the world. An organization, as opposed to a charity or business or bureaucracy, is characterized by features that

reflect these twin cultural pillars of rationalistic, science-like principles combined with expanded individual rights and capacities. By definition, in our view, an organization is constituted as a hybrid of empowered rights and scientific rationality, whereas older forms were not. For instance, a charity responded to some social ill, but a modern nonprofit organization should do so in a way that is accountable, systematic, and effective; a firm maximized profits, but a proper one should now also display elements of corporate responsibility; a government could provide public services through a centralized bureaucracy, but a public organization should do so while involving many stakeholders. In all these examples the latter case illustrates the coming together of rights and rationality, transforming (often partially) older structures into organizations. In countries worldwide, all sectors, business, government, and charity, are reshaped to varying degrees by these universalistic cultural principles, leading them to bear increasing similarities in form over time.

Existing theoretical accounts of 'blurring' between sector boundaries are incomplete and often misrepresent the nature of change. Mainstream explanations de-emphasize the role of transformed culture and ideology and over-emphasize a priori individual interests and rational action (Wachhaus 2013). They see the changes as rooted in pre-existing resource dependencies and political pressures with little analysis of why changes to these conditions themselves occur (e.g., why more stakeholders matter now). A core idea in these lines of thought is that the decline of governmental control and the rise of market pressures drive nonprofits to take on features of businesses and government. To stay competitive, these arguments claim, formal commitments to goals such as efficiency, effectiveness, accountability, decision-making, strategy, and evaluation become central.

In contrast with these standard arguments, we build on sociological arguments in the neoinstitutional tradition, which see formal organizations as in part cultural artifacts (Meyer & Rowan 1977; DiMaggio & Powell 1983). This view of organization as a cultural model explains

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why standard practices can spread across business, government and charitable sectors, beyond any known utility, and beyond the demands of funders. Extending this perspective, we contend that blurring between sectors is best described as the broad expansion of differentiated responsibilities and purposes, which add formal complexity to all social structures. Structural elaboration occurs on multiple dimensions because of cultural principles that create more empowered audiences pressing for scientific, systematic approaches to solving social problems. Existing explanatory ideas work in part, but they are too narrow to entirely cover the vast scope and scale of the relevant changes in society. Rather than viewing the transformations of charity, government, and business as independent phenomena, we see the changes as stemming from common cultural roots. Our view provides explanatory purchase on sector blurring over and above the insights offered by traditional accounts, in line with Hall's (1987) earlier call for theory that situates changes to the nonprofit sector in a larger societal context and abandons the notion of the nonprofit sector as wholly independent.

Importantly, we do not provide a normative or prescriptive framework for how to deliver public services or manage voluntary associations. Instead, we critically examine existing conceptions of 'blurring boundaries' and provide an additional account for the erasure of distinctions between formerly unique entities. Our perspective does not assume that increasing similarity across the sectors creates charitable or government agencies that are more (or, for that matter, less) efficient. Nor do we imply that the new structures are more or less socially beneficial or productive than before. At the societal level it is unclear whether having more nonprofits and government agencies with, for example, more systematic performance metrics means as a whole they are producing better outcomes than before, or whether having more firms with socially responsible structures improves practices. It is an important task to determine what is gained and lost as the sectors blur and how to manage these changes, but our purpose is explanatory rather than

evaluatory. Certainly, theory provides the basis for much policy and practice (see Salamon 1987 for an example in the nonprofit sector). But, as eloquently described by Osborne (2010: 2), the academic study of a system is "distinct from normative assertions about 'how best' to manage within it" (see also Dawson & Dargie 1999).

We proceed by reviewing the dominant explanations in the existing literature for the blurring of boundaries between disparate sectors. Next, we describe the cultural shifts that drive the intertwining of traditional sectors and outline how these cultural changes are transmitted into concrete settings. We conclude with a discussion of the implications of our approach.

The Entwining of Government, Business, and Charity

The literature contains many descriptions of the blurring of traditional boundaries between business, government, and charity (e.g. Billis 1993; Dees & Anderson 2003).   Many studies report on related phenomena such as the creation of 'hybrid' organizations (e.g. Billis 2010; Evers 2005; Pache & Santos 2010) and the combining of multiple logics within organizations (e.g. Binder 2007; Thornton et al 2012). But there is less attention to the fact that all this blurring is associated with, and indeed is a product of, the extraordinary expansion of formal organization per se, in numbers and internal complexity, in every social sector, and in every national setting, since the Second World War. Drori et al (2006) show, for example, that post-war growth of international non-governmental organizations and intergovernmental organizations (in a range of fields, in a variety of countries, and worldwide) has far outpaced either population growth or economic growth (see especially the figures on their pages 9-11).

Prevailing explanations for the erosion of sector boundaries are rather economic in nature, attributing the trends to government decentralization and increased competition for revenue among entities promoting the public good. These pressures are thought to lead to more entrepreneurial

activities among nonprofits and to the incursion of for-profits into realms once the sole purview of government and nonprofits. Thus, dominant arguments assume that public organizations increasingly take on hybrid forms containing public and private elements because of resource dependencies (e.g. Billis 1993, 2010; Ferris 2001; Froelich 1999; Kramer 2000; Saidel 2001). Crystallizing this view, Knutsen says, "some NPOs [nonprofit organizations] are perceived as being increasingly institutionalized into 'hybrids' of private and public organizations due to resource-based relationships with the private and public sectors, including financing, competing, or contracting relationships" (2012: 986).

This view has its roots in theoretical models of the nonprofit sector developed in the 1970s. Most relevant, a public choice model of nonprofit activity argues that both the putative shrinking of government and increasing social diversity lead to increased demand for nonprofits (Weisbrod 1975). Nonprofits are thought to overcome the "categorical constraint" of democracy (Douglas 1987) by satisfying interests that are not represented by the median voters and promoting freedom and pluralism (Salamon 1999).[i] Extending these early accounts of the sector to the issue of blurring boundaries, Weisbrod (1997) posits that due to greater demand for their services, nonprofits must search for new revenue streams and turn to market-based approaches. Nonprofits, thus, are increasingly active in realms once dominated by government, and use business-like practices to fund these activities. In his words:

> …the sector's growth necessitates finding ways to increase revenues, and that has brought side effects, particularly as nonprofits have become more and more "commercial." In the process, borders between the nonprofit and both the for-profit and public sectors are being crossed . . .(Weisbrod 1997: 541).

In these economic lines of thought, two features of blurring between boundaries are highlighted. A first emphasis is on revenue diversification, particularly through the use of earned income activities (Froelich 1999). That is, nonprofits are becoming more like businesses through the use of commercial activities that stem from financial needs (Skloot 1987; Weisbrod 2000). In

general, nonprofits' market involvement strategies can be categorized as fees for services, commercial ventures, and cross-sector partnerships (Young & Salamon 2002). Eikenberry & Kluver (2004) emphasize that 'marketization' of the nonprofit sector, consisting of commercial revenue generation, contract competition, the influence of new donors, and social entrepreneurship, is a core area where the lines between business and nonprofit are blurring. Similarly, a study by the Nonprofit Sector Strategy Group at the Aspen Institute highlights the marketization of nonprofits through reliance on and competition for revenue from fees and services (2001a). Much of this literature advocates that nonprofits become more market-focused (often using phrases like 'social enterprise' or 'social entrepreneurship' (e.g. Dees 1998; Oster 1995), or aims to help practitioners learn to generate revenue (e.g. Dees et al 2002; Massarsky 2005) and balance tensions arising from pursuit of both mission and profits (e.g. Brinckerhoff 2000; for a critical view see Oakes, Townley & Cooper 1998). Recent evidence, however, indicates that the proportion of revenue generated from earned income, program fees, or program revenues has not increased over time (Child 2010). And additional research suggests that most nonprofits fail to generate earned income (Foster & Bradach 2005). This makes it clear that the application of commercial strategies is only a subset of the more general trend of blurring boundaries.

Second, mainstream approaches suggest that the lines between nonprofits and government are also eroding as a result of expanded subcontracting that accompanies government decentralization (Musolf & Seidman 1980). In nonprofit research, one well-known finding is that dependence on government funding reshapes nonprofit governance, leadership, management, and accountability structures in ways that transform them into quasi-governmental agencies (Smith & Lipsky 2009). Further, competition for government grants between nonprofits and businesses amplifies market pressures (Nonprofit Sector Strategy Group 2001a). In a comprehensive volume outlining the areas of cooperation and conflict between government and nonprofits, Boris and

Steuerle (2006) indicate the key issues include government spending on service contracts, growing nonprofit reliance on fee-for-service revenues, and growing demands for improved accountability and effectiveness among charities (see also Feiock & Andrew 2006 for an overview of nonprofit-government relations). In sum, much research characterizes non-profits as dependent on changes in the state and the marketplace, and a number of publications make the point explicit using the phrase "between state and market" (e.g. Bowlby & Evans 2011; Phillips et al 2001). It is curious, however, that core changes in the nonprofit sector are framed as following from changes in government and business; in practice, all sectors are changing simultaneously and the historical patterns of relations among them are dynamic (Ostrander 1987).

Undoubtedly, the neoliberal trends of decentralization and privatization underpin part of the transformation of the nonprofit sector. But the mainstream view of sub-contracting services and funding pressures as the primary drivers of blurring boundaries misrepresents and underestimates the scope of this social transformation in several key ways. In one sense, these views are overly nonprofit-centric, ignoring fundamental and related changes occurring simultaneously in all sectors. In another sense, they deny the autonomy of the nonprofit sector by arguing that changes to nonprofits are driven by trends in businesses and government, obscuring instances when relatively autonomous nonprofits are directly shaped by their changed cultural environment. Further, standard views are excessively economic, highlighting the rise of commercialism and market pressures at the expense of powerful underlying cultural and ideological shifts.

It is not simply the case that nonprofits are becoming more like government and business—the blurring is multi-directional. As is well recognized, government agencies are also directed to acquire elements such as strategic plans and evaluation processes, under general neoliberal ideologies such as New Public Management (Hood 1991; Henisz, Zelner & Guillén 2005). And governments also pressure nonprofits to adopt more commercial models (McBratney & McGregor

2012). Perhaps less commonly noted, public governance, the historical purview of government, is increasingly shaped by nonprofits, perhaps particularly by professional associations and other lobbyists (Walker 2014). In a study of Kenya, Brass (2012) shows changes in both policy and administration as government service provision agencies increasingly hire former nonprofit staff, are influenced by nonprofit lobbying, and mimic nonprofit service provision strategies. Furthermore, it is not solely the case that nonprofits take on some tasks of government; historically governments have also expanded to take over domains initiated by nonprofits and the community sector (for instance "Repair of Bridges, Ports and Highways" and "Maintenance of Houses of Correction" were appropriate charitable activities in the 1601 Statute of Charitable Uses, often cited as the foundation of charities law in the UK and US).

Firms are also transformed by new pressures to look like responsible actors (Brunsson & Sahlin-Andersson 2000; Drori, Meyer & Hwang 2009). They are increasingly obligated, by law and public pressure, to take on expanded concerns such as environmental protection, corporate social responsibility and philanthropy, employee rights and job satisfaction, workplace diversity, community engagement, and consumer safety (e.g. see Dobbin 2009 for the transformation of firms in reaction to Equal Opportunity Employment laws; or McWilliams & Siegel 2001 for a discussion of corporate responsibility). Programs for workplace charity and corporate philanthropy are increasingly common (Barman 2006; Froelich 1999). And, at the most extreme, we see the rise of new forms, such as the B-Corp or L3C (see Mair & Martí 2006 for one effort to define social entrepreneurship). Recognizing the changing nature of business, the Aspen Institute commissioned a study of firm-nonprofit relations, concluding that new patterns of interaction are emerging, including donations of in-kind support such as technical and managerial expertise, the rise of philanthropy as a core part of business strategy, the rise of 'cause-related marketing' and 'sponsorship' arrangements, and increasing community partnerships between firms and nonprofits

(Nonprofit Sector Strategy Group 2001b). What is notable is that these changes imply a shift in firm behavior towards incorporating more public good elements, a change that remains unexplained if we consider blurring boundaries only from a nonprofit perspective.

At the same time, many changes to government and nonprofits are routinely—but incorrectly—depicted as moving more toward business patterns. Kearney and Hays (1998: 46) describe, for instance, how free market ideology is at the core of the New Public Management and 'reinventing government' trends, which make "public servants more like corporate workers…Reinventing government tends to strengthen the hand of private sector forces" (Kearney & Hays 1998: 46). Related, Dart (2004) recounts how nonprofit managers colloquially lump commercialization and the adoption of formal organizational tools together into the category of "business-like" practices. Despite this common rhetoric, it is simply false to think that many formal tools intended to improve nonprofits are straightforwardly transferred from the business world. For instance, strategic planning and its many successors have roots in the military (O'Donovan & Flower 2013). Codes of conduct and related statements are other managerial tools spreading rapidly through all sectors; these have their roots in medicine. In fact, the central historical precursors to formal organization as a form of social structure are the national state (including the military) and church bureaucracies, as well as public structures like universities and hospitals. The modern private, profit-oriented corporation came later and only emerged in the context of much doubt and criticism (e.g. Manne 1962). Many of the practices commonly described as 'business-like' thus have roots that predate the modern firm. And many of practices that spread across sectors have less to do with competition or revenue and more to do with ideas of the general public good, accountability, and proper management (e.g., codes of conduct, whistleblower policies, auditing practices, or equitable employment practices).

A burgeoning area of public administration research on the "new public governance" is very much in line with our observations that neoliberal market rhetoric fails to capture some of the most fundamental changes in public organizations (Koppenjan 2012; Osborne 1996, 2010). These studies emphasize that the core shift in government is toward "a plural state, where multiple interdependent actors contribute to the delivery of public services, and a pluralist state, where multiple processes inform the policy-making system" (Osborne 2010: 9). In this view, politics, policy, and administration are intertwined and embedded in a common institutional environment (Kooiman 1999). Thus, governance increasingly takes the form of networks and partnerships across many types of actors, rather than just contractual market relations or hierarchical bureaucratic ones (Keast, Brown & Mandel 2006; Keast, Brown, Mandel & Woolcock 2004; Rhodes 1996, Lowdnes & Skelcher 1998, Powell 2003). Aligned with this work, our approach highlights that cultural shifts provide an explanation for why it has become a priority for many government agencies in many countries to take on this pluralistic and partnership-based approach to governance.

As a final weakness of instrumental explanations for blurring, it is important to point out that voluntary associations (and firms and governments) of all shapes and sizes adopt the trappings of formal organization over and above resource pressures and beyond any known utility in terms of market competition. For instance, all sorts of charitable associations adopt formal organizational tools like planning and evaluation --- not just the nonprofits that sub-contract, have the most competitive fields, or face the greatest resource shortages (Hwang & Bromley, forthcoming). Large service providers may have strategic plans and quantitative outcomes measurement, but so do some small, voluntary parent-teacher organizations and recreational clubs. Moreover, many formal organizational structures are adopted although their link to final outcomes, whether profit or the public benefit, is highly uncertain. It is unclear, for example, whether the creation of codes of ethics and whistleblower policies reduces instances of professional misconduct. And debates abound over

the utility of tools such as outcomes measurement and strategic planning.[ii] Many alleged

"improvements" are better characterized as fashions than established and definitive means of

increasing competitiveness, as one practice after another arises as a purportedly universal solution

to problems of efficiency and effectiveness (Staw & Epstein 2000; Miller & Hartwick 2002).

The terms "nonprofit" or "nongovernmental" organization, routinely used today to describe

the charitable sector, implies that the current organizational form of voluntary associations is in

some way derivative of the profit-driven world or government, but this is a mistake both causally

and conceptually (Salamon 1987; Lohman 1989). Related, the phrase 'business-like' is often used to

describe practices in the public and nonprofit sector that are better thought of as more generally

managerial or professional (e.g. formal planning, performance assessment, evaluation). Concurring

with Dart (2004), we observe that the literature on blurring boundaries overemphasizes commercial

activities and market pressures and underestimates the rise of more general formal organizational

and managerial practices. The distinction goes beyond semantics; the language of business falsely

creates the impression that formal organizational tools and practices come from firms or profit-

driven motivations, when in fact they derive from broader culture principles that shape firms,

charities, and government agencies alike, as we describe in the next section.[iii]

From Charity to Philanthropy to "Organization"

We propose an alternative, cultural explanation for the blurring of sectoral boundaries, one

that accounts for its multi-directionality and expansiveness. We contend that macro-historical shifts

– dramatically intensified since World War II, and even more during the current neoliberal period –

underpin the rise of a new form of social structure called "organization," seen as positive social

actor (Kruecken & Meier 2006; Brunsson & Sahlin-Andersson 2000) rather than passive

bureaucracy or pious donor or private merchant. Our arguments are rooted in the common

observation that as historical loci of legitimate social authority wane, the individual – seen as an empowered social actor – comes to be seen as ascendant in a variety of forms of liberal and now global society.[iv] Two aspects of expanding individualism are most relevant here. First, there is increasing belief in human ability to shape and control outcomes using scientific (including social scientific) means; second, and related, is the growing recognition of human empowerment (and correspondingly, responsibility).

Following sociological definitions, our use of the term 'science' and its permutations extends beyond referring to particular disciplines or domains (e.g. chemistry, biology, or medicine). Rather, science refers broadly to a cultural model that gives authority to systematically-developed knowledge and university-trained experts, in contrast to alternative bases of authority such as charisma, tradition, or tacit and implicit forms of knowledge (Drori et al 2003). By human empowerment we mean a multi-faceted expansion in the socially-defined rights, obligations, interests, and capacities of all individuals (Meyer & Jepperson 2000). Together, these abstract and universalistic principles of science and human empowerment are the cultural foundation for the emergence and growth of the type of social structure that today we call "organization."

The massive historical trends of expanding science and human empowerment in the post-War era are widely reported (see Price 1961 or Drori et al. 2003 for a general overview on science; Elliott 2007, Stacy 2009, and Lauren 2011 for overviews on human rights). Nonetheless, we provide a rough timeline before turning to consider how these shifts are linked to the rise organization. Cultural transformation unfolds over hundreds of years, but the end of World War II and rise of neoliberalism are particularly important junctures for explaining the rise of the core cultural changes and their consequences for organization. Far in the background, the initial expansion of scientific thinking produced early government administrative structures (Weber, 1922[1978]). Feudal religious polities with medieval governance structures evolved into the

secular, administrative, and legal structures of modern nation states (Tilly 1990). In the first part of

the twentieth century an explosion of social sciences, continuing into the present, led to the

development of scientific principles for managing businesses (as with Fayol 1949 or Taylor 1914;

see Frank and Gabler 2006 for an overview) and generated more systematic visions of philanthropic

giving. In the charitable sector, scholars often describe a shift from charity to philanthropy, with the

former focusing on religious obligations to alleviate individual suffering and the latter focusing on

developing systematic and rationalized and putatively actually effective resolutions to social

problems (Sealander 2003; Robbins 2006). Early bureaucracies, which included governments, the

church, armies, and early corporations, had a rationalized, quasi-scientific form. But they were

centralized structures intended to effectively and efficiently carry out the goals of a sovereign or

owner, lower levels of the hierarchy had little autonomy or empowerment.

Also far in the backdrop, Enlightenment era philosophy helped to consolidate and expand

secular individualism; realms like education, art, and music became matters of the general public,

rather than the pastimes of an elite few (Sealander 2003). Further, the French and American

Revolutions played central roles in the development of individual rights. As issues of justice and

equality expand, it promotes visions of democracy and undermines notions such as the divine right

of kings (Bendix 1980). Consequently, highly centralized social structures, like the classic

bureaucratic state, lose charisma. In tandem, ideas of civil society as a distinct social sphere

flourished. But early voluntary associations were relatively informal expressions of community,

unlike the highly structured nonprofit organizations common today.

More immediately, especially since the Second World War, continued political, cultural,

social and economic integration, often at a global level in reality and perception, has characterized

the world (Meyer et al 1997). Particularly in the last few decades, the authority and charisma of the

nation-state (though not its administrative structures) have declined with the diffusion of neoliberal

principles. This is accompanied by a longer-term erosion of other traditional forms of communal or corporate social structure, such as the church, family, and stratified local communities. Thus, the most rapid transfer of rights from nation-states to individuals has occurred since the 1990s, and the normative or cultural changes have been dramatic and worldwide (Elliott 2007; Lauren 2011). The global character of the changed rules must be emphasized – it transcends, and indeed feeds back upon historic American individualism in arenas like race and ethnicity. Thus, although some patterns of the rise of formal organization appear earlier (most notably in the early expansion of the corporate form in the US [Kaufman 2008]), it is only in the period since World War II that we have the global spread and rapid expansion of this unique form to many domains – precisely parallel to the underlying global cultural expansions of individualism and scientific rationalism which we see as undergirding it.

The cultural principles of rationalized science and individual empowerment constitute organizations; firstly, by providing a basis for widespread purposive action in a growing array of substantive domains and, secondly, by providing a framework for structuring the relevant human activity. The rise of science and human empowerment over the longue durée, combined with the declining charisma of the nation-state and other older social structures, considerably expanded the range of arenas where empowered human initiative seemed reasonable (Toulmin 1992). Underpinned by these cultural shifts, individual activity could extend into new domains, such as the abolitionist movement, children's rights, environmentalism, or animal welfare. Such long-term changes greatly intensified after World War II, and operate powerfully in the whole period since, as the students of the scientific and human rights expansions demonstrate. This generated both increased numbers of organizations in previously unorganized arenas and the increased internal elaboration of existing structures as these adapted to expanding external obligations. For example, as cultural pressures to respect a range of rights increase, it now becomes equally sensible for both

Nike and the Red Cross to have diversity on their boards, policies for work-life balance, and formal efforts to protect children (by preventing them from making soccer balls or donating blood). Thus, under these new cultural principles, traditional social structures – government agencies, firms, charities, hospitals, and universities – are reconstituted.

Science and empowerment not only expand the domains of human activity, they also provide cultural templates for how activity should be conducted. Following scientific principles, means and ends should be systematically, specified, measured, and monitored, while experts and professionals of all sorts proliferate to provide legitimate knowledge. And, following principles of human empowerment, rational and responsible and organized human action is seen as both possible and necessary: and decisions and activities should be participatory and respectful of rights. The interconnectedness of science and rights is eloquently captured in Offenheiser & Holcombe's (2003) discussion of the transformation of Oxfam's international development work into a 'rights-based' approach. Because all persons have rights and capacities, individuals can and should be empowered to systematically solve their self-determined social problems, in part through education.

[Table 1. Examples of the cultural constitution of contemporary organization]

Table 1 provides examples of how the cultural principles of science and empowerment provide both a basis for organizing in a growing array of substantive domains and a framework for structuring activity. Independently, neither science nor empowerment constitutes contemporary organizations; what makes this form distinct is the combination of the two (Meyer & Bromley 2013). For instance, the fields of "public administration" and "management" in quadrant I combined with the rationalized structures described in quadrant II constitute centralized, hierarchical forms of social structure – bureaucracy. Conversely, ideas of empowerment alongside a participatory structure, described in quadrants III and IV, generate loosely structured voluntary associations or social movements, not the formalized, professionally-staffed nonprofit sector of today. The Occupy

Wall Street movement is a recent example. It is described as leaderless and structureless; relying on emergent leadership based on charisma, rather than formal roles, and combining multiple social movements, rather than systematically pursuing formally-stated objectives (Gitlin 2012). Its form is a striking anomaly in today's world, attracting much academic and popular attention. Bringing features from all four quadrants together, we arrive at what we now recognize as a proper modern organization. The table highlights how science combined with empowerment constitutes contemporary organization and provides the basis for the expansion of this form to virtually any substantive realm imaginable.

Recognizing the cultural sources of recent changes to social structure leads to the question of how abstract principles reshape concrete realities. We note three main channels through which the cultural principles of science and rights transform local settings: expansions in soft law (Mörth 2004) and formal state regulation, various forms of counting and accounting (Power 1999), and in the execution of these tasks by the massification of professionals (Wilensky 1964) created by changes in higher education (Schofer & Meyer 2005). These processes support the phenomenon described as institutional isomorphism (DiMaggio & Powell 1983) around the models of contemporary formal organization. Classically, the concept of isomorphism was developed to explain increasing similarities among members of an organizational field, but it could also describe the process of blurring across sector boundaries.[v] Phrased more intensely, through isomorphism on a grand scale, "organization" becomes a field of its own. Cultural conditions, transmitted through hard and soft law, counting and accounting, and professionalization, generate isomorphism across social structures culminating in a new form—"organization".

As an example, the rise of norms and laws defining humans as equal and empowered generate formal structures related to promoting diversity and equality in hiring, promotion, and in governance (e.g., see Daley [2002] for nonprofit board diversity or Dobbin [2009] for trends in

firms). A parallel trend occurs in the rise of participatory decision-making and collaborative

governance processes (e.g. see Epstein et al [2004] for medicine, Kernaghan [2000] for changes in

government agencies, or King [1996] for changes in schools).

The emergence and expansion of standardized methods for counting and accounting

likewise drives entities to become more structured and renders them more alike. Quantification

creates a basis for comparison on various dimensions, making previously distinct social structures

comparable (Espeland & Stevens 1998). So, today, charitable work (even the voluntary sort) is no

longer thought of as unproductive labor; instead it is analogous to other forms of production and its

contribution to the economy is calculated annually. A recent study reports, for instance, the share of

volunteering's contributions to Gross National Product across countries in 1995 (Roy & Ziemick

2000). Related, there are now measures that enable performance comparisons across organizations,

even in different industries, sectors, and countries (see, for example, a discussion of nonprofit

versus for-profit performance in Keller 2011; or the research produced using the World

Management Survey 2013). We also can now rate and rank organizations on such dimensions as

their performance, transparency, accountability, and other forms of social responsibility, enabling

the transposition of concerns from one domain into another and pressing organizations to develop

similar structures. A number of recent studies examine the creation of charity watchdogs (Lammers

2003; Szper & Prakesh 2011) and the rise of measures of social value (see Austin & Seitanidi 2012

for a review).

Professionals with university training are also central in transforming older social structures

into organizations. Higher education is a key location where socialization into the culture of science

and rights takes place. In support of this logic, a path-breaking study drawing on a survey of 200

San Francisco Bay Area nonprofits found that when executives receive managerial training (i.e.

with a Master's of Business Administration, Master's in Public Administration, or certificate in

nonprofit management), their nonprofits have more extensive formal structures, such as formal planning, independent financial audits, quantitative program evaluations, and consultants (Hwang & Powell 2009). In the realm of professional training, Roseanne Mirabella and colleagues have collected detailed data on the growth of nonprofit degree programs over time (Mirabella 2007; Mirabella et al 2007), which both indicates and facilitates more formal structuration in the nonprofit sector. Overall, evidence of professionalization in the nonprofit sector, often linked to legitimacy and funding benefits, is widespread (Stone 1989; Alexander 2000; Guo et al 2011; Suárez 2011).[vi]

A brief example, drawn from the environmental movement, helps illustrate these arguments. At one time the natural world was a mystery to humans, under the control of the fates and gods. Gradually, natural phenomena became regarded as something that could be understood and often shaped by humans. With further expansion, scientific work generated evidence documenting how human activities, especially industrial ones, damaged the health of people, animals, and the planet. When combined with ideas of rights, this knowledge spawned activist groups that use the normative pressure of soft law to influence firms and governments, and sparked the creation of much formal regulation (such as the Environmental Protection Agency and its policies and laws). And, following scientific cultural principles, both activists and government themselves tend to use systematic, evidence-based methods used for protecting the environment, often emphasizing tools for tracking, rating, and monitoring environmental issues. For instance, there are now many new ways of measuring environmental damage or greenness (such as the Toxic Release Inventory, LEED certification for buildings, and KLD ratings of firm environmental performance), and many related degrees and professionals have emerged to support specialization in such areas (such as degrees in Environmental Sciences or Environmental Management, and positions for Sustainability Officers). Overall, as these pressures expand at the societal level, any given entity is more likely to include

some kind of environmentalism in its formal structures, and is likely to do so in systematic ways that allow for monitoring, reporting, and evaluating progress on environmental issues.

Overall, modern social sectors – we have emphasized particularly the charitable world – are related less to discrete religious and political visions and more to an emerging, secular definition of the "public benefit," where individual rights and capacities and systematic, scientific methods take center stage. As older social structures, including charities, businesses, and government, become more shaped by science and empowerment, they become less distinct and more of a generic form called "organization." It becomes possible to observe that "although there are many differences between collectivities like factories, prisons, and government agencies, they share one important thing in common: *they are all organizations.*" (Maguire 2003: 1, emphasis added).

Discussion and Conclusion

Cultural changes generate blurring between sectors in three ways. First, the principles of science and human rights and empowerment are universalistic. As a result, new domains that get organized under these ideologies cut across older social structures, leading to areas of substantive overlap. Conceptually, measures of workplace greenness and equality apply as much to the United Way as to Microsoft, making these entities more alike. Second, the method of organizing called for by principles of science and rights cuts across older social structures, leading them to look more similar. Any type of organization, it is now imagined, can and should conduct a formal plan or use outcomes evaluation to assess goal achievement. Third, the growing overlap in substance and form facilitates actual increasing interconnections between once distinct forms of social structure. It becomes plausible for firms and nonprofits to have partnerships, for staff to move between sectors, and it generates growing areas of competition and conflict. These growing partnerships,

collaborations, and connections lead many to observe social structures of all types increasingly take the form of networks, rather than markets or hierarchies (Osborne 2010; Powell 2003).

Our arguments call attention to the fact that boundary erosion is not a one-sided transformation of nonprofits into more business-like entities. Many standard features of contemporary organizations, including firms, are neither directly attributable to the pursuit of profits or power, nor structured directly around the pursuit of one specific goal (as in the development of corporate social responsibility movements.). Instead, organizations reflect the pursuit of multiple purposes that come from cultural principles endowing human actors (both individual and organizational) with the right, responsibility, and capacity to develop and employ scientific approaches (including scientific management) for identifying and solving problems of the natural world and human societies (seen in efforts such as the Global Compact, the Global Reporting Initiative, or the social responsibility elements of many International Organization for Standardization (ISO) certifications). Examples of these standard features include formal structures designed to manage uncertainty on many different fronts (e.g. strategic plans, theories of change), as well as those that promote issues of the public good (e.g. transparency, accountability, equality, and protecting the natural world). As the realms where human initiative seems reasonable and necessary expand, it becomes possible and necessary for individuals and organizations to attend to increasingly diverse concerns within the same formal structure. Such structures, taking the forms of autonomous and responsible decision-making formal organization, transcend older sector divisions in society.

We readily recognize that the formal displays involved can be superficial and only symbolic or that they can be an integral part of an organization. There are obviously many disputes about whether expanded modern organizational structures are beneficial for their intended outcomes, and we take no position here. We focus on the long-term transformation of informal voluntary

associations into formal nonprofit organizations. But our arguments also apply to firms and governments. This recognition and explanation of the multi-directionality of boundary blurring is one of the central conceptual themes of our arguments. The use of market-based practices to find additional revenue and pursue social ends is certainly one element that contributes to the blurring of boundaries, but the scope and scale of such activities extend far beyond their known utility. The transformation of charities into formal nonprofits includes a wide range of practices that are, at best, extremely weakly tied to revenue, such as the adoption of codes of ethics, conducting formal audits, and seeking to include diversity on boards and in management.

It is easy to decry the massive social changes we have outlined, along with the associated transformations from high modernity to a more universalized and globalized and rationalized post-modernity. Turning older religious, educational, medical, and charitable institutions – with their professionals and structures operating under the broad authority of the national state – into human service organizations often ironically seems to undercut the "human" dimension. That is, the evolving principles of rationalized human actorhood tend to take precedence over the specifics and particularities of the social problems at hand. Of course, we tend to be most conscious of the inconsistencies involved in considering charitable sectors of social life, as in Ferguson's (1990) account of aid programs in Lesotho. But they apply equally to the sometimes brutal rationalizations and standardizations of the commercial sector, and dramatically to governmental organizations as they elaborate (e.g., Scott 1998).

So there are constant efforts to revert to claimed traditions, with more human and communal elements. Such efforts tend to involve a good deal of romanticism about an imagined past. And, ironically, they often end up supporting yet one more dimension of organization – perhaps an additional component to an organization's human resources department. With the rise of rationalized organization in all sectors, comes an expansion of equally rationalized identity work.

We do not offer an overarching moral judgment of the trend towards formal organization in charitable work. Some see the differences between sectors as relatively immaterial and are untroubled by the trend (Dees and Anderson 2003). For instance, in response to a query about business schools that have programs for nonprofits, one well-known scholar responded: "...our primary focus is on organizational theory. We believe you can apply it to any type of organization" (orgtheory.net 2012). Others call for greater attention to the unique elements of public and nonprofit management (Frumkin 2002). A number of excellent studies document how nonprofits try to maintain their expressive (or identity) functions in spite of increasing formalization, and how they combine charitable goals with more instrumental pressures (Chen 2009; Knutsen 2012; Knutsen and Brower 2010; Suárez 2010). Modern universities may have lost the old teacher-student relationship, but now display elaborate commitments to the human side of education (e.g., with enlarged student affairs programs and student evaluations). Modern medical establishments display similar identity commitments to patient satisfaction, as do contemporary firms and charities of all sorts.

As traditionally separate sectors shift toward formal, and more standardized, forms of organization, the historical distinctions between them come to increasingly rest in legal and scientific definitions rather than in functional purposes. Today we know a nonprofit is such because it has the appropriate legal status. It harder and harder to determine an organization's form (business, government, or charity) based on functional activity alone. Our view emphasizes that this blurring of sector boundaries stems from cultural shifts that unfold over a long period of time. Such changes, rather than narrower and more recent marketization pressures, account for much of the blurring between sectors and much of the overall organizational expansion.

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Table 1. Examples of the cultural constitution of contemporary organization

	Substance	**Structure**
Science	**I** • Public administration • Economics, finance, marketing, management • Health, medicine, psychology • Natural world including space, air, water, land	**II** • Systematic • Establish means-ends causality • Link causality with resources; efficiency and effectiveness • Collect and analyze data • Draw on trained expertise • Evaluate and monitor process and outcomes
Empowerment	**III** • Respect and protect rights of others; civil rights, women's rights, children's rights • Capacity to understand natural and social phenomena • Obligation to protect natural and social worlds	**IV** • Participatory • Transparent • Accountable

Endnotes

[i] The limited ability of these economic rationales to broadly explain the existence and features of nonprofits has always been recognized, although in the absence of strong alternatives their use remains widespread. In a review of nonprofit research, DiMaggio & Anheier (1990: 140-141) summarize three central weaknesses of economic approaches to nonprofit organizations: "First, they neglect supply-side factors, especially social cohesion among potential beneficiaries or entrepreneurs…Second, they view states as competing providers rather than (as is often the case) financiers or consumers of NP services. Third, they neglect such institutional factors as state policy, organizing norms, ideology and religion." Capturing the spirit of many similar critiques, Ott (2001: 185) argues that "the nonprofit sector cannot be understood when the attention is limited to the failures of other institutions."

[ii] For instance, O'Donovan and Flower recently proclaimed, "The strategic plan is dead" (2013). Bryson (2010: 255), however, argues in opposition that there is a preponderance of "evidence that strategic planning typically 'works' and often works extremely well."

[iii] Some formal structures are pressed by funders, but an important observation is that a correlation between the preferences of funders or other powerful stakeholders and formal organizational structures is not, in itself, adequate or complete explanation for why the structures exist. Why would funders today prefer these structures given the opaque relationship between activities like outcomes measurement and societal improvement? Our arguments point to a cultural explanation for why formal structures become preferred by funders and nonprofits alike.

[iv] The causes of these macro-historical cultural trends are complex. In many accounts, changes are tied to broad political shifts -- the evolution of a feudal religious polity with medieval governance structures into the secular, administrative, and legal structures of modern-nation states (Tilly 1990). In some descriptions, technological advance, industrialization, and the accompanying rise of unemployment and displacement also matter (Hall 2006; Robbins 2006).

[v] The mimetic, coercive, and normative mechanisms developed by DiMaggio & Powell (1983) offer a powerful conceptual tool for analyzing diffusion. Distinct from their analytic typology, our proposed legal, accounting, and professional vehicles give a substantive description of channels through which social structures are transformed. These conceptions are highly compatible, but separate. For example, a quantification system could act as a coercive, mimetic or normative influence.

[vi] These studies find increased professionalization is associated with increased levels of funding. In contrast, Guo (2007) finds that greater reliance on government funding decreases the likelihood a nonprofit has a strong, representative board.