Developing a Communicative Theory of the Nonprofit

Organizational communication scholars have a vested interest in the development of theoretical perspectives that shape our understanding of nonprofit organizations and the nonprofit sector. As Lewis (2005) points out, several key aspects of the nonprofit sector (i.e., social capital, mission, governance, volunteer relationships, etc.) are inherently communicative and warrant research that understands and appreciates the complexities of human interaction. Therefore we need increased research and theory building from communication scholars who recognize the scope and significance of the nonprofit sector in our society.

How can and should communication scholars pursue this task? What does it mean to take a “communication perspective” towards research and theory building in the nonprofit sector? In general, two approaches seem worthwhile. One is to identify various communication phenomena that are characteristic (though not necessarily unique) to the nonprofit sector and study how these phenomena develop, evolve, and otherwise function in nonprofit organizations. This method sees communication as an object to be studied and uses organizational context as a starting point to enhance our understanding of certain communication phenomena, such as board relations or fund raising practices. This has been the approach of most communication scholarship to date. Though limited in scope, this research has led to valuable insights in areas such as volunteerism (Ganesh and McAllum, 2009), philanthropy (Smith & Sypher, 2010), client identity (Trethewey, 1997), superior-subordinate communication (Adams & Shepherd, 1996), and organizational change (Lewis, Hamel, & Richardson, 2001).

In addition to the valuable work mentioned above, I want to suggest a second approach. This involves placing communication at the foundation of our investigation, developing uniquely communicative explanations for various nonprofit phenomena and showing how these
communicative explanations compliment and challenge existing theoretical frameworks and offer new ways of thinking. This method sees communication as a distinct mode of explanation (Deetz, 2009), helping to enhance our understanding of various nonprofit phenomena. In addition to studying communication in nonprofit organizations, we also should advance communicative explanations of nonprofit organizations and develop theories that arise from a communicational understanding of organizations and human interaction. For example, in addition to studying volunteer communication, we should also develop communicative theories of volunteering. Though more research on communication phenomena in nonprofit organizations is warranted and welcomed, I believe this second approach – developing distinctly communicative theories of nonprofits – is much more under-developed, and also the area where we are poised to have substantial impact. Deetz and Putnam (2001) claim that the field of communication needs to articulate a unique mode of explanation to contribute effectively to interdisciplinary research, and this certainly applies to organizational communication scholarship and the nonprofit sector.

My purpose in this essay is to sketch out the beginnings of a communicative theory of the nonprofit, both in terms of nonprofit organizations and the overall nonprofit sector. Communicative theorizing is needed to address the shortcomings of current theoretical perspectives and to build a more robust foundation for future communication scholarship. Though certainly not a comprehensive treatment, I hope this forum essay can provide some anchor points and rationales to advance communicative theorizing of the nonprofit sector.

**Nonprofits and the Market Economy**

Current thinking about the nonprofit sector is dominated by economic theorizing. At the risk of simplification, most theory is devoted to explanations of why nonprofit organizations
exist and how they function in a market economy. This is not without merit; the concept of “nonprofit” is certainly an economic phenomenon and nonprofit organizations operate within a broader economic context. However, economic theorizing is based on certain assumptions that simplify or overlook key aspects of human interaction and organizational activity. At the macro level the goal of theory is to explain why nonprofits exist instead of commercial firms or governments (i.e., why a nonprofit organization exists to provide various goods and services instead of those goods and services being provided by a commercial firm or a government agency). This line of thinking tries to explain the existence of nonprofit organizations in response to the “failures” of the market (information asymmetry, lack of perfect competition, transaction costs) or the government (free rider problem, political neutrality). It is convenient for economic theorizing to maintain clear distinctions between sectors in a market economy, but in reality the boundaries are often blurred: some goods and services are delivered by governments, private businesses, and nonprofit organizations (i.e., hospitals). As Lohmann (2001) argues, “failure theories” distort reality to make nonprofit organizations conform to economic theory, telling us more about what nonprofit organizations are not, but saying little about what nonprofits actually are.

Additionally, economic theorizing tries to explicate various organizational strategies and behaviors, given the legal and financial configurations of the nonprofit sector. For example, explaining why volunteer versus paid labor is more effective, why certain board arrangements are preferred, or why particular revenue sources are preferred over others. Most of this thinking is based on the “non-distribution constraint” of nonprofit organizations, the section of the U.S. tax code precluding nonprofit organizations from distributing surplus profits to the owners of the organization. Despite the simplicity of the non-distribution constraint and its apparent ability to
explain nonprofit organizational behavior, actual practices related to non-distribution are less clear. As Anheier (2005) points out, non-distribution appears to be much less of a constraint for nonprofit practitioners than it is for theorists. After all, governments rarely enforce the laws of non-distribution and the penalties for getting caught are minimal. Nonprofits can also work around the limits of non-distribution through excessive salaries and benefits, and they can generate surplus revenues from alternative sources.

Economic theorizing has developed an extensive body of research (see Ott, 2001 for a review) and has played a pivotal role in the scholarly study of the nonprofit sector. Yet economic theories represent only one approach to understanding the nonprofit sector, and the nonprofit sector cannot be reduced to mere economic activity. Furthermore, assuming the primacy of the market economy to derive theoretical explanations has significant limitations. Economic theorizing has been criticized for reducing the complexities of social interaction to a “black box” (Priem & Butler, 200, p. 33), assuming that human behavior is primarily about the consumption of goods and services, acquisition of resources, and the efficiency of transactions. Economic theories also assume nonprofit organizations exist because markets and governments cannot adequately provide goods and services, implying nonprofits are a ‘necessary evil’ to correct for the imperfections of commercial and state activities (but that nonprofits would be unnecessary if the market and state were “perfect”). Finally, and perhaps most importantly, economic theories do not tell us much about the actual lived experiences of nonprofit organizations, nor do economic theories do a particularly good job of explaining the processes of organizing. Few people experience nonprofit organizations as a legal or financial entity, nor can many of the important aspects of the nonprofit sector be reduced to mere economic activity. Much of what
constitutes our experience of nonprofit organizations is social, interactive, relational, meaningful; in short, communicative.

**Developing Communicative Explanations of the Nonprofit Sector**

In response to the limitations of economic theorizing we do not simply need better economic theories. As Kuhn (2008) points out, the shortcomings of economic theories are conceptually problematic and potential solutions are outside the logics of economic thinking. Rather than assume the primacy of a market economy and the need to explain organizational activity in relation to the market or the state, why not start from different assumptions about the nature of collective experience? For example, Lohmann (2001) offered the idea of the “commons” as a better way to conceptualize the underlying rationality guiding nonprofit organizations (i.e., free and un-coerced participation, common purpose and shared resources, and fairness and mutuality), and claimed that the central facts of the commons are “episodes of communicative interaction” (p. 200). Thus communicative theories of the nonprofit sector and nonprofit organizations are particularly warranted. In the final section of this essay I offer what I believe to be important anchor points to inform the development of communicative nonprofit theory, as well as promising lines of inquiry I think should be pursued by organizational communication scholars.

Fortunately a growing body of scholarship already exists to inform our efforts. Organizational communication scholars have developed two distinct, but related lines of research under the general heading of the *communicative constitution of organizations* (CCO). First, the “Montreal School” of James Taylor, Francois Cooren, and their colleagues at the Universite de Montreal offer an ontology of organization as a textual coorientation systems. Their work claims that what we experience as “organization” emerges from an ongoing text-conversation dialectic
and is sustained through communicative practices that reify texts and encourage subsequent conversations (see Ashcraft, Kuhn, & Cooren, 2009 for a summary of Montreal School CCO theorizing). Kuhn (2008; & Ashcraft, 2003) draws from the Montreal School to develop a communicative theory of commercial firms, adding notions of intertextuality and ongoing “games” of capital attraction and consent marshalling. In a similar fashion, we could begin articulating a communicative theory of the nonprofit sector or nonprofit organizations based on the Montreal School ideas of text-conversation coorientation.

A second approach to CCO theorizing is that of McPhee and Zaug’s (2000) four flows model of organizational constitution. Based on the ideas of structuration theory (Giddens, 1984), McPhee and Zaug see organization comprised of four message flows: self-structuring, membership negotiation, activity coordination, and institutional positioning (see Putnam & Nicotera, 2009 for a summary of four flows CCO theorizing). Although McPhee and Zaug’s (2000) work is widely cited, there are only a handful of empirical studies that actually engage their work and make a substantive contribution to this line of CCO theorizing. One exception is the work of Lutgen-Sandovik and McDermott (2008) who use the four flows model to explain the communicative constitution of a community women’s center (a nonprofit) as an employee abusive organization. They also introduce a fifth flow – syncretic superstructure – to account for the macrosystem of meanings from which organizations emerge and exist within. Lutgen-Sandovik and McDermott (2008) demonstrate how we can use CCO theorizing to articulate organizational constitution based on patterns of interaction (i.e., employee abuse) instead of just economic categories.

In addition to theorizing about nonprofits in terms of communicative constitution, a communication approach will lead us to think about nonprofits in ways that are more
phenomenological. That is, we will try to understand nonprofits based on the lived experiences of relevant stakeholders versus only their legal or financial status. If we start from the assumption of “nonprofit” as a financial/legal category then we have already accepted the terms of economic theorizing and are left with studying communication as a phenomenon within these given organizational structures. Instead, what we know and experience as “nonprofit” is a socially constructed concept that is reinforced (or not) through continued patterns of interaction (i.e., communication). In American culture, “nonprofit” has come to mean more than the financial distribution constraints on a particular organization; it has developed an *ethos* that implies a particular way of doing business and relating in society.

As communication scholars we should be interested in explaining organizations as lived experiences, not just legal or financial entities. In the same way, concepts like “spouse” or “son” certainly have a variety of meanings (biological, legal, psychological, etc.), but they are most commonly experienced *socially* in our interactions with the representations of those concepts. We simply cannot account for the true nature of a nonprofit organization by reading its articles of incorporation or the American tax code, for that is to miss the true character of the nonprofit organization and tells us nothing about what it is like to actually be part of this organization as an employee, volunteer, client, or donor (in the same way that referring to my wife as a homosapien or our marriage as a legal contract or an income tax category says virtually nothing about the actual nature of our relationship). A phenomenological perspective tries to uncover the “nonprofit-ness” of a particular organization, and this “thing-ness” (Heidegger, 1971) exists within ongoing patterns of interaction and communicative practice. Therefore communication scholars should work towards developing more phenomenological explanations of nonprofit
organizations and the nonprofit sector that privilege the lived experiences of relevant
stakeholders and articulate distinctively communicative understandings of these phenomena.

In closing, I have tried to demonstrate why it is that communicative theorizing about the
nonprofit sector is important and necessary, not only to advance communication scholarship but
also to enhance our understanding of this important realm of the organizational landscape. I
suggest CCO theorizing and phenomenological perspectives are key anchor points to guide this
work.

some nonprofits feel like a business.

Instead of assuming that human activity is about resource acquisition and transaction efficiency,
why not start from the presumption that human activity is primarily about sensemaking,
meaning, belonging, and connection?

This does not mean it isn’t valuable to have economic theories to explain, for example, why a
social entrepreneur may decide to for a nonprofit organization instead of providing goods and
services via a private firm, or why a government agency may contract with nonprofit
organizations rather than provide direct services.
Shortcomings:
- Focus on why vs. how
- Rather than assume the primacy of markets and governments and ask why NPOs exist, why not assume the primacy of the commons (un-coerced cooperation of peers) and ask firms and governments exist?
- Assumes communication as a flow to managed efficiently and controlled

But this tells us little of the actual work of nonprofits and HOW it is they function on a daily basis.

Theory: direct attention, organizes experience, and enables useful responses (Deetz, 1992)...vs. explain, predict, control

**The problem is that is we take economic theorizing as given we begin our research with a particular conception of organizations and human interaction to guide our investigations, and our research about communication will eventually be judged to the extent that it fits in with these economic conceptions.**
Commons:
- Shared language
- Voluntary
- Purpose and meaning
- Passing on meaning, belief
- Affiliation
- Techne
- Core of the commons is social relations

Kuhn (2008): cooriented and distributed action, textual coorientation system, text-conversation dialectic, value-laden nature of meaning construction, resources as contested terrain, sterile conceptions of power, instrumentalist views of stakeholders (but in nonprofit sector power is complicated—volunteers, funder/recipient distinction, collaboration; and relationships are key), limit understanding of social side of firms, symbolism and meaning construction are peripheral concerns, alternative conceptions must account for firm’s existential status, firms as complex social systems that incorporate a variety of interests

Problem of naming…”nonprofit sector” already assumes certain legal, financial, and economic connotations.

One idea might be to do away with the term “nonprofit” in our research altogether. Of course we won’t get rid of the term from our vocabulary…it is institutionalized in the American tax code and economic theory. But maybe we could start conceptualizing organizations based on their patterns of interactions instead of their legal or economic status. Lutgen-Sandvik & McDermott (2008), for example, describe the case of an “Employee Abusive Organization” (EAO) and the communicative practices that constitute that organization. The organization in their case study happened to be a nonprofit organization, but this was peripheral to their investigation. Instead they characterized this organization type based on the patterns of interaction that comprised the lived experiences for the workers. More than just an adjective, EAO describes a particular type of organization that can be replicated in other contexts and distinguished from other organizations. The “nonprofit-ness” of this particular organization did offer certain contextual features that distinguished the workers’ experiences, but we could easily conceive of this type of organizations being constituted under alternative economic arrangements (i.e., government agency, small business, multinational corporation, etc.). Perhaps one fruitful line of inquiry would be to develop typologies of organizations that exist within the nonprofit sector but are defined by their patterns of interaction, not necessarily their economic status. This inevitably will lead to blurring of sectors and the concept “nonprofit” may simply drop from the vocabulary of our scholarship.

**They develop an EAO theory, not a nonprofit theory…or similar to Weick’s work on highly reliable organizations. We could make a conscious choice not to evoke economic terminology to ground our organizational assumptions but rather use terminology rooted in patterns of interaction.**
After all, the activities of nonprofit organizations preceded the existence of the American tax code, and presumably will continue.

Similar to the ways others have done in developing communicative explanations for corporate forms of organizing.

Constitutive turn…process that produces and reproduces shared meanings.

Organizations are formed and transformed through relational interactions among stakeholders.

For example, from an economic perspective Dell Computers is the same organization. What matters is when it went public, who its CEO is, what goods and services they produce, acquire, and distribute. But from a communication perspective Dell computers is literally a different organization. It is not the case that we must accept economic explanations as given and then try to understand communication within these containers, for it is just as likely the case that certain patterns of interaction are likely to influence the economic configuration (i.e., whether a company goes public or private, etc.)

Economic perspectives treat these social aspects as peripheral, getting in the way of economic activity or as by products. But what if these social aspects were actually the reason for organizing and seeking employment?

I and others have argued elsewhere that developing distinctively communicative explanations of social phenomena is critical for our scholarship to make a difference in society.

**Org constitution as the thing experienced (phenomenology) vs. the legal status or physical entity. If we start from the assumption of NPO as a financial/legal category then we have already accepted the term of economic theorizing and are left with studying communication as a phenomenon within organizations [also use for BCAP CCO paper]. We are claiming that what we know and experience as “nonprofit” is a socially constructed concept that is reinforced (or not) through continued patterns of interaction…some nonprofits feel like a business. We are interested in explaining the existence/constitution of “organization” as a lived experience, not a legal or economic entity (i.e., corp. as legal fiction)…in the same way that the concepts “wife” and “son” certainly have a biological/legal meaning, but are most commonly experienced socially. CCO scholars have wrestled with the constitution question, but have taken the definition of “organization” given by economics as given and then tried to explain this entity in communicative terms. This is merely providing a new vocabulary. Instead, we need to show that communication actually provides a different understanding, a fresh perspective, a different ontological category…in the same way that sociology and biology have different understandings of “wife.” Simply cannot account for the nature of and org like BCAP by simply reading the tax law or reading its articles of incorporation or treating it like a generic nonprofit org, for that is to miss the true essence of what BCAP is…tells you nothing about the character of BCAP…same
as talking about my wife as a homosapien, etc. Scientific theory may try to reduce phenomena to their most common parts, but a communication (humanist?) theory is more interested in capturing the richness of experience.

There is no single theory of the nonprofit sector, but rather several theoretical perspectives that attempt to explain the existence and behavior of nonprofit organizations.

**Incorporate Tompkins’ work on homelessness