Position Paper Title: Theorizing Nonprofit Organizations as Contradictory Enterprises: Examining the Inherent Tensions of Nonprofit Marketization
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Theorizing Nonprofit Organizations as Contradictory Enterprises: Examining the Inherent Tensions of Nonprofit Marketization

Concerns about the impact of marketization in the nonprofit sector have been the subject of considerable scholarly debate. For some, the growing use of business practice and logic represents a necessary reality that the nonprofit sector must accept in order to provide sustainable solutions in competitive markets (see Dees & Anderson, 2003; Herzlinger, 1996; Van Til, 2000). For others, this trend illustrates the encroachment of an opposing ideology and set of practices that threaten the nonprofit sector’s unique role in society (see Brainard & Siplon, 2004; Bush, 1992; Eikenberry & Kluver, 2004).

While many scholars have been oriented to some form of resolution to the marketization question, I argue that it is more productive to theorize marketization in the nonprofit sector through a lens of tension and contradiction (Trethewey & Ashcraft, 2004). Doing so offers a more practically and theoretically useful ontological understanding of the contemporary nonprofit organization. A tension-centered perspective reveals the contradictory nature of nonprofit organizing and recognizes that all organizational communication practices must simultaneously and continuously manage the pull between the financial imperatives of operating within a market economy and the need to address privately unprofitable, but publicly beneficial concerns (Weisbord, 1998). This organizing tension is inherent to nonprofit work and cannot be escaped without compromising the integrity of the nonprofit sector. I develop this claim below, illustrating how nonprofit marketization and the contradictory position of the nonprofit sector in society highlight this ontological feature of nonprofit organizing.
Marketization of the Nonprofit Sector

Marketization describes the colonization of market values, logics, and practices in non-business domains of society (Deetz, 1992; Nickel & Eikenberry, 2009). In the nonprofit sector, there is significant concern about increasing marketization as business-like assumptions, practices, and discourses are quickly becoming the primary logic of popular discourse (Dempsey & Sanders, 2010) and organizational decision-making (Oakes, Townley, & Cooper, 1998). Many scholars have noted the ways in which consumerism, self-interest, profit-motive, and commercialism are dominating the ways in which society conceptualizes how nonprofit organizations should improve the common good and build civil society (Brainard & Siplon, 2004; Eikenberry, 2009; James, 2003). As a result, responses to social problems are becoming primarily focused on individualized and market-based solutions (Dempsey, 2009).

The central concern about marketization in the nonprofit sector is “the potential deterioration of the distinctive contributions that nonprofit organizations make to creating and maintaining a strong civil society” (Eikenberry & Kluver, 2004, p. 138). As nonprofit organizations operate within a market economy, values such as commitment beyond self, individual worth and dignity, responsibility, tolerance, freedom, and responsibilities of citizens that underlie nonprofit work (O’Connell, 1989) can be overshadowed by economic and competition-centered values that seek to secure competitive advantage in the pursuit of producing individual-level goods and services for those who can afford them (Brainard & Siplon, 2004). As a result, nonprofit organizing practices become understood through and legitimized by the discourse and logic of business, relegating the unique characteristics of the nonprofit sector to a secondary or even inexpressible role.
Although critiques of nonprofit marketization pointedly expose the significant problems of employing market logic in nonprofit organizing, they do not propose a complete rejection of the market itself. Rather, such critiques warn that marketization is closing off the voluntary spirit (Brainard & Siplon, 2004), democratic role (Eikenberry, 2009) and altruistic nature (Bush, 1992) of the nonprofit sector that enable it to perform its unique role in society. These concerns, I suggest, say as much about the ontology of contemporary nonprofit organizations as they do about the adoption of specific organizational structures, practices, and logics. Marketization reveals the simultaneous pull between the financial imperatives of operating in a market economy and fulfilling a privately unprofitable social mission. Resistance to marketization in the nonprofit sector seeks to open up and recognize the need for this tension so that nonprofit organizations can fulfill their social missions within a market economy. The existence of this tension, as I will discuss below, arises from the contradictory nature of the nonprofit sector itself.

The Nonprofit Sector as a Contradictory Space

Theoretical explanations of the nature and purpose of the nonprofit sector highlight its contradictory nature. Frumkin (2002) argued that the nonprofit sector is a “mass of contradictions” because it is “the contested arena between the state and the market where public and private concerns meet and where individual and social efforts are united” (p. 1). Occupying this “third” space in society creates tensions and contradictions in everyday functioning that nonprofit organizations cannot ignore, and that at times may even threaten their survival (Van Til, 2000). As Brainard and Siplon (2004) explained, “Professional nonprofit organizations must constantly struggle with the
extent to which they are to emphasize their role as efficient and competitive economic actors or their role as institutions important to democracy” (p. 436).

As a result, the tension between the financial imperatives of the market and the need to fulfill a social mission is an inherent characteristic of nonprofit organizing. Of course, in a sector so broad and diverse that it is more often defined by what it is not, rather than what it is (O’Neill, 2002), every nonprofit organization does not experience this contradiction the same way. Nevertheless, nonprofit organizations cannot function outside of the realities of the market economies in which they pursue their work. Therefore, by their role in a market economy to develop civil society and pursue the common good, nonprofit organizations must organize their work around these competing and seemingly contradictory concerns. Holding together the integrity of the nonprofit endeavor may depend on understanding and successfully managing this contradiction.

**Theorizing an Organizing Tension**

Based on the explanations above, I argue that organizational communication research should theorize the tension between the financial imperatives of the market and the pursuit of a social mission as an ontological feature of nonprofit organizations. By doing so, scholars can more successfully understand the organizing practices of nonprofit work and make better sense of nonprofit marketization. This theoretical move is made easier by the work of Trethewey and Ashcraft (2004), who have developed a framework for understanding the “dilemmatic character of organizing” (p. 81) as a normal outcome of organizational communication. Arguing that tension and contradiction are inherent in organizational life, this perspective does not seek resolution, but instead focuses on how organizational members practically live with tension and contradiction. Employing this
perspective enables the “development of organizational theories that are at once more complex and responsive to actual practice” (p. 171).

While research on organizational tensions and contradictions holds that a variety of tensions exist in all forms of organizing, I extend this argument to suggest that because of its tension-filled and contradictory position in society, the nonprofit sector is guided by an organizing tension that is an ontological feature of all organizations that seek to fulfill social missions and build civil society within market economies. The tension between the financial imperatives of the market and pursing a social mission is inescapable without compromising either the integrity of the nonprofit endeavor (Nickel & Eikenberry, 2009) or violating the responsibly to remain financially viable for those who support and receive service from the organization (Dees & Anderson, 2003).

Recognizing this organizing tension is both theoretically and practically useful. Theoretically, it allows scholars to understand nonprofit marketization more fully. For example, rather than framing marketization as a current trend that needs to be solved and overcome, this perspective reframes the tension between financial imperatives and social goals as a central feature of nonprofit organizing that must be managed and preserved rather than closed off or resolved. Practically, it enables practitioners to see the existence of these competing concerns and recognize their mutual importance even though they may seemingly work against each other. As a result, organizational communication practices can engage this tension as productive and constitutive rather than destructive or disabling.
Implications

Lewis (2005) argued that organizational communication scholars have not taken into account the unique features of the nonprofit endeavor when conducting research in nonprofit organizations. Theorizing the tension between the financial imperatives of the market and the pursuit of a social mission as an ontological feature of contemporary nonprofit organizations is an important initial step in answering Lewis’ call, and has important implications for how organizational communication scholars conduct research in the nonprofit sector. For example, issues such as organizational culture, professional and organizational identity, decision-making, collaboration, leadership, meanings of work, power, and socialization can be understood in more depth and with increased complexity when taking into account how each must be constituted through organizing practices that must simultaneously address both market and social concerns.
References


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