

The Role of Nonprofit Organizations in Creating Public Value

presentation notes

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Talking Points (1)

3 ways Nonprofits generate Public Value

- The scholarship on public value has emanated largely from the perspective of government and public management, but nonprofit organizations create public value in important ways that have been overlooked in the public value literature
- In many respects, creating public value is a primary *raison d'etre* for the American nonprofit sector.
- Nonprofit organizations contribute to the creation of public value in at least three ways:
 - first, through mission fulfillment and the resultant impact of nonprofit organizations on institutions of society (Bryson, 2011; Salamon, 2002; Rojas, 2000; Herman and Renz, 1999);
 - second, as a function of nonprofits' involvement in public-private partnerships -- a special class of relationships that nonprofit organizations form with government, businesses, and other nonprofits (Mendel and Brudney, 2012; Wettenhall 2003; Squires, 1989; Swanstrom, 1985);
 - and third, as an outcome of the stewardship role nonprofits assume as they provide the institutional space and constructive tension in which collaboration can incubate and thrive

Talking Points (2)

Framework for studying how nonprofits generate Public Value

- To understand the role nonprofit organizations play in public value creation, we developed a framework derived from:
 - mission achievement outcomes,
 - involvement in PPPs that include public and private members,
 - and nonprofit organization stewardship in providing the “third space” essential to inter-sectoral collaboration.
- We also consider the literature and observe the scholarly attention devoted to nonprofit organizations with respect to of public value.

- public value arises from the tri-party work of all three sectors of civil society, and that the actions of one sector can carry benefits for the others. , our PPP case examples are replete with instances of public value creation through strategic alliances between business and government with a nonprofit intermediary. Because business activity and the production or preservation of taxable wealth is one of many public values driving public and private policies, public value outcomes may differ depending upon the particular public, private and nonprofit sector perspective.

Talking Points (3)

What nonprofits do to generate PV

- In the context of the nonprofit sector, “public value” arises as an outcome of the intermediary and facilitating processes nonprofit organizations employ as they strive to achieve their organizational missions
- Public value results as nonprofits perform their work and serve constituents, form and strengthen social networks, sustain social capital, build community and nurture the bonds of trust that together with the activities of government and business, comprise the fabric of civil society.
- Through the nonprofit/government relationship, nonprofits are likely to stimulate unanticipated public values and benefits through “intangibles,” such as positive feelings of participants, improvements in the environment for collaboration and re-directed public dollars through advocacy

Talking Points (4)

Nonprofit generate Public Value

- By serving as mission or values guardians in public-private collaboration processes. In public-private partnerships, nonprofits often provide the formal “institution” or “home” of the endeavor, creating, for example, a nonprofit “third space” for meetings and administration of collaborative public-private partnership arrangements
- By participating in decision-making over public and private resources
- Through the push-and-pull manner in which nonprofits engage in and utilize advocacy to influence the creation of policy and hold public and private actors accountable constitutes both a public value and a stewardship of public values

Talking Points (5)

Origins in the U.S.

- the traditions of informal association and collaboration became an essential way for land-owning and enterprising residents of colonial North America to make decisions in the pursuit of their self-interests and to perceive a “public value” marked by two characteristics.
- First, that although individuals preferred to be left to their own devices, they would join together for the public good when it was in their interests to do so.
- Second, in pursuing their interests, people would seek public value through the actions of government that reward individualistic efforts, encourage the pursuit of wealth and limit public authority, size and expense

Talking Points (6)

Public Sector focus of literature misses the roles of business and nonprofits in creating PV. The scholarship for...

- business, public values are realized through the principles of the American political tradition that rewards individualistic effort, the pursuit of wealth, and small, least costly government that safeguards the optimum setting for business enterprise profitability
- nonprofits, public value is created when individuals trust public policy makers and public institutions, have faith in the system of economy and justice, and enjoy, conceivably, a level playing field in which they may achieve a measure of wealth from their own labors
 - nonprofit associations make use of volunteers and, where resources permit, paid staff under the authority and ownership of a voluntary, uncompensated board of directors. In the sense that all these players come together they create a public-civic value of camaraderie and fellowship that also yields quantitative results within the scope of the organization mission: public value is created in this “third space”

Talking Points (7)

PPPs are a great way to observe PV creation by nonprofits

- PPPs offer a way to focus and amplify the powers and resources of government, while mitigating the financial risks of investing in large-scale undertakings outside of private business.
 - For example,
 - PPPs have been noted as providing a way to stimulate urban revitalization, enabling complex actions such as changes in private land use and zoning;
 - financing for large public works projects using publicly-backed investment bonds; and leveraging private business resources and the penchant for innovation
 - function beyond, contract-based services transactions and are likely to be an expression of power in which private business and civic leaders work in concert with government leaders to plan and implement initiatives benefitting the public good and private enterprise, as well as building social capital

Talking Points (8)

Case Studies Orgs

- Cleveland Development Foundation
- University Circle Development Foundation
- Mayor's operations improvement task force
- Cleveland Tomorrow
- Neighborhood Progress Incorporated

Rather than suggest public value arises and is realized through government actions alone, Figure 1 observes that public value is more a tri-sector phenomenon stemming from the joint involvement of public, nonprofit and private for-profit sector actors.

- From the cases, we observe that among the most desirable outcomes that create public value are instances in which all three sector elements of civil society come together. Outcomes from the cases reflecting the power of the tri-sector value of public value arise when previously fallow or damaged land is renewed, public dollars produce infrastructure that spurs business opportunities and economic development, social services are more precisely applied, and government operations are maximized.

Talking Points (9)

Conclusions and questions for further study

- Public value is a holistic concept that can be public, private or nonprofit in its inception, and it includes a class of actions and outcomes that arise through the assignment of resources that are amplified in intended and unintended ways well beyond their original purpose through the actions of the other sectors.
- Public value is achieved most fully when public, private and nonprofit sector players work together in making the best uses of the resources and contributions of the others, in which benefits to all arise.
 - Can public value be measured with precision?
 - Can public “de-value” also exist in the same way that public disinvestment (as well as public investment) may take place?
 - If public value arises through the involvement of public, private and nonprofit actors, is a public management research focus sufficiently broad to yield a clear understanding of the phenomenon?