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Marketization Strategies and the Influence of Business on the Management of Child Welfare Agencies

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Abstract

The forces of marketization and governmentalization are shaping the management and behavior of nonprofit and voluntary organizations; and yet, little empirical research has been conducted regarding how and the extent to which these forces are actually changing the management of nonprofit organizations, or, more specifically, whether the distinctive ethos of the nonprofit sector is being lost. This paper explores how different funding mechanisms, influence of a business mindset, government control, and identification with nonprofit values and purposes affects whether nonprofit organizations adopt business management practices. The paper collected and analyzed survey data from 184 child welfare nonprofit administrators to assess the extent to which nonprofit managers are being affected by these outside forces. Evidence is found that the influence of the business community is persuading managers to implement business strategies while government control and funding have less predictive power on management practices. Surprisingly, a nonprofit mindset – or nonprofitness – has no effect on the likelihood of using business-based management strategies.

Introduction

The contemporary governance and identity of nonprofit organizations and their relationships with government and private, for-profit firms are changing. Government is increasingly turning over service provision to nonprofits and businesses (Van Slyke, 2003), especially in human services (Salamon, 2002). Indeed, a sizable majority of states report publicly funding various private, nonprofit child welfare agencies (U.S. DHHS & ACF, 2001). For their part, nonprofit and voluntary organizations (hereafter NVOs) across the sector are under pressure to secure funding through contracts and to become more entrepreneurial in their efforts to generate revenue. These pressures come in the form of marketization or commercialization (Salamon, 1993; Weisbrod, 1998; Young & Salamon, 2003), vendorism, and bureaucratization (Frumkin, 2005; Salamon, 1995; Smith & Lipsky, 1993). Nonprofit agencies are urged to provide more and better services to a greater number of individuals demanding their services while simultaneously being compelled to do so in a similar fashion to government and businesses entities. The nonprofit and voluntary sector is being driven to meet a 'double bottom line' where some view the financial management and commercial practices of operations to be as equally significant as the social benefits they offer to society. Yielding to the demands of the market and government could jeopardize, or at the very least challenge, the delicate and somewhat distinctive moral and functional balance these organizations try to maintain. Salamon (2005, p. 96) referred to this as the "growing identity crisis" nonprofit America is facing.

Environmental pressures play a pivotal role in shaping the nature of NVOs. Institutionalist scholars argue that behaviors, especially in the context of organizational life, can be altered by regulations and rules, norms and belief systems, and finally, cultural-cognitive systems that combine shared understanding and taken-for-granted processes in social life (Scott

& Davis, 2007). Therefore, when organizations become institutionalized to other norms of behaviors and practices of other agencies, it is through a social process of replicating patterns of activities (Berger & Luckman, 1967; Jepperson, 1991; Thomas, Meyer, Ramirez, & Boli, 1987). When NVOs succumb to isomorphic forces and replicate norms and behaviors of other agencies in the public and for-profit private sectors, their practices may homogenize with one another leaving them at risk of losing what made them unique in the first place. It is not surprising that scholars have been noticing the tendency of nonprofits to replicate the structures and practices of businesses and government for years (e.g., Abzug & Galaskiewicz, 2001; Cooney, 2006; Morrill & McKee, 1993). Concerns have been raised about how NVO's response to these changes and pressures will impact the distinctive ethos or identity of the nonprofit sector – what can be called nonprofitness, in general, and the ability of nonprofit organizations, in particular, to advance their missions and service their clients (e.g., Anheier, 2005; Eikenberry & Kluver, 2004; Frumkin, 2005). Theory suggests nonprofits are being impacted by marketization and government control, and yet, we know very little about the specific managerial practices and values employed to cope with external and internal environmental forces.

This paper explores how these broad, structural forces affect how nonprofit and voluntary organizations (child welfare agencies in particular) are run, what they value, and how nonprofit managers and administrators view the work they do. Broadly, this research explores the extent to which outside and inside forces are shaping the adoption of business-based management strategies among child welfare agency administrators. I study this topic by first reviewing the forces affecting nonprofit organizations such as marketization and strong governmental influences; and then, I examine what, if any role, nonprofitness (i.e., identifying with a core set of nonprofit values and purposes) has on the adoption of business management strategies. Next, I provide a brief overview of the reasons why examining child welfare agencies offers a rich context for study. Following the literature review and research hypotheses, methods and data are presented along with statistical results from a national survey of child welfare agency managers. Three multinomial logistic regressions and one ordered logistic regression model are used to explore the business management practices of charging fees for services, engaging in cause-related marketing alliances with business, replacing volunteers with professionals, and running their agencies like a business. Finally, the implications for the nonprofit and voluntary organizations and, child welfare agencies in particular, are discussed. A story of the business of child welfare nonprofits begins to unfold that depicts a "sector" in flux, and at risk of becoming something other than what has been traditionally described as "nonprofit."

Literature review: Nonprofit practices and values

There are many forces shaping the management of nonprofit and voluntary agencies. Environmental pressures influence the types of decisions managers can make and in turn could also dictate their views and beliefs about nonprofit and voluntary agencies as a whole. While the study of the marketization of the nonprofit sector is growing, the implications for how management *practices* are being shaped by these pressures has received limited empirical examination. Managers are encouraged to secure resources (e.g., financial and human capital) while adhering to organizational missions and values (Herman & Heimovics, 2005). Management scholar Kevin Kearns argues that nonprofit executives are "among the most entrepreneurial managers to be found anywhere, including the private for-profit sector"(2000, p. 25). Thus, it raises questions regarding what business management strategies looks like in nonprofit and voluntary organizations. Some examples of these practices include charging fees for services, professionalizing the workforce, creating alliances with businesses, and applying a business approach to daily decision-making.

There are several factors that lead managers to adopt business practices. First, nonprofit and voluntary organizations are undergoing a marketization of their programs and services. Secondly, NVOs appear to be under pressure to act more like government and bureaucratize their agency's practices, especially in the area of human and social service delivery. And finally, these trends are leaving many wondering what it means to be a "nonprofit" in today's America. These themes are first broadly explored and then considered in the context of child welfare nonprofits. Research hypotheses are proposed in each section.

The marketization of the nonprofit and voluntary sector

One trend significantly influencing the operations of nonprofit and voluntary organizations is commercialization or marketization. Marketization or "the penetration of essentially market-type relationships into the social welfare arena" (Salamon, 1993, p. 17) of the nonprofit and voluntary sector gained tremendous momentum in the 1980s and has continued apace. Some examples of commercialization include the generation of commercial revenues such as using fees for services, selling products and services, and engaging in business ventures.

Charging fees for services is one of the more commonly practiced commercialized activities among NVOs. Over the last 20 years, fees for services have accounted for over 50 percent of revenue growth in the sector (Aspen Institute, 2001), and for social service agencies in particular, fee income makes up 35 percent of their revenue growth (Salamon, 2003). During this same time period, more businesses ventured into areas traditionally relegated to NVOs, especially in the area of human and social services (Frumkin, 2005; Ryan, 1999). NVOs now regularly compete with for-profits, other nonprofits, and even government agencies for resources, clients, and publicly funded contracts.

Accordingly, nonprofit executives are encouraged to become social entrepreneurs (Dees, Emerson, & Economy, 2001), employ market-like strategies for creating success (Brinckerhoff, 2000; Kearns, 2000) and make money (Ashton, 2011). Workers in NVOs must now strike a balance between achieving their mission and servicing clients while also being innovative, resourceful, and opportunistic (Dees, et al., 2001). Additionally, the sector itself has undergone a professionalization of employees as a response to various commercialization pressures (Salamon, 2005). Many who work in nonprofit and voluntary organizations are proud of the professionalization of the sector and view it as an advancement of the field whereas others approach this change with a bit more caution (Frumkin, 2005). Excessive professionalization of NVOs is problematic because it raises concerns about the sector: 1) being a legitimate representative of the community's needs; 2) it questions the 'voluntary' nature of agencies who are composed of working professionals; 3) it increases the costs of handling social problems; and 4) it changes the focus from meeting basic human needs locally to a level of a social problem that must be handled by professionals (Salamon, 2001, 2003).

As a consequence NVOs are increasingly utilizing market-like approaches and values in running their organizations (Weisbrod, 1998). A byproduct of these and similar pressures is the expansion of partnerships and alliances with businesses to market an image, product, or service for mutual benefit. These cause-related marketing ventures help businesses achieve strategic purposes while allowing NVO's to promote goals and social causes. Although businesses have been an important financial contributor to NVOs for decades, there seems to be a shift on the part of private firms from "benign benevolence" to partnering for strategic reasons that lead to corporate success and “reputational capital” (Salamon, 2003, p. 65; Young, 2002, p. 6). The growth of nonprofit-business partnerships brings with it the increasing use of business language and terminology. For example, Dart (2004) uses a case study of a Canadian nonprofit human service organization to create four categories that seek to capture the meaning of being “business-like” in nonprofit organizational context: business-like program goals, business-like service delivery, business-like management, and business-like rhetoric. Other nonprofit behaviors that resembles business-like characteristics are creating “business plans” that include attracting investments, measuring outcomes, identifying and reducing risk, employing business approaches, studying market and financial feasibility, and “showcasing the management team” (Rooney, 2001, pp. 275-276). Business practices and values may be becoming a part of the nonprofit sector’s identity, and if they are not already, they could be soon. The very nature of the relationship between businesses and nonprofits seems to be shifting and this swing could lead to competition replacing the presumed benevolent spirit of NVOs (Bush, 1992).

Even though there is agreement about the emergence of these trends in the nonprofit and voluntary sector, the consequences are not so clear. One side maintains that tapping into market-solutions will allow NVOs to survive and flourish. Thus, nonprofits can achieve greater resource stability, efficiency and innovation, focus on serving clients, legitimacy, and possibly accountability to the public (Aspen Institute, 2001). In the book, *Enterprising Nonprofits: A Toolkit for Social Entrepreneurs,* it is argued that thinking and acting like a business can help nonprofits in the following areas: learn to take more calculated risks; develop solid strategic planning; identify and focus on customers’ needs and wants; measure performance in meaningful ways; and be more accountable to key stakeholders (Dees, et al., 2001). And while having a business mindset does clearly provide NVOs with many opportunities to improve, it does come at a cost. Frumkin warns that in some nonprofits, “intense commercialization has eroded the moral high ground of these organization and transformed nonprofits into shadow businesses” (2005, p. 10). Furthermore, marketization might lure nonprofits away from advancing their mission, serving the poor and hardest-to-reach clients, using volunteers, promoting democracy and advocacy, maintaining valuable community networks, and placing more emphasis on accepted management techniques over delivering services (Alexander, Nank, & Stivers, 1999; Aspen Institute, 2001; Eikenberry & Kluver, 2004). But, at what point do nonprofits become what Weisbrod (1988) warned as ‘for-profits in disguise’? With this in mind, I explore the “influence of the business community” on NVO’s management. The following propositions are tested:

> *Hypothesis 1: The influence of the business community will increase the adoption of business management strategies by nonprofit managers.*

> *Hypothesis 2: Receiving funding from for-profit businesses will increase the adoption of business management strategies by nonprofit managers.*

These hypotheses suggest that pressures and funding from the business community are encouraging the use of business management strategies in child welfare agencies. The power of the market, and concurrent business logic and rhetoric, lies in its promise to propel organizations to better compete and therefore be more successful. If organizations choose not to adopt these market approaches, then they run the risk of being left behind, or worse, having to close their doors.

Going public

The practices of marketization in NVOs are familiar, but the effects of an agency’s level of publicness on nonprofit management are not as well studied. While it must be noted that “public service itself has undergone a business-like transformation” (Haque, 2001, p. 65) following the notion of market-driven and results-oriented modes of governance, NVOs have been simultaneously confronting commercialization and increasing governmentalization. A staple of public administration and management literature, publicness captures the idea that all organizations, to varying degrees, are public (Bozeman, 1987). Organizations experience governmental influence through various avenues of regulation, taxation, outsourcing, procurement, public policies, and contracts; making the state an ever-present factor of organization life. Moreover, the notion of publicness is thought to impact internal organizational operations and managerial values of institutions (Boyne, 2002). Bozeman's "dimensional" model of publicness, i.e., mechanisms of ownership, control, and funding, is often used to compare organizational and managerial behaviors on outcomes between public and private agencies (Andrews, Boyne, & Walker, 2011; Coursey & Bozeman, 1990; Rainey, 2011). And while NVOs are not governmental per se, they could be impacted by their level of publicness and their management choices may reflect governmental involvement.

In sum, becoming more public can pull nonprofits and voluntary organizations away from their core mission. This is frequently considered in the context of government-nonprofit contracts and their corresponding relationships. Many have studied and expanded upon the theory of publicness for comparing public and for-profit organizations (e.g., Andrews, et al., 2011; Aulich, 2011; Boyne, 2002; Haque, 2001; Moulton, 2009; Nutt & Backoff, 1993), but few have empirically examined it in the context of NVOs. [1] The main reason for this is that many view NVOs as strictly private organizations, and while this may be theoretically true, they do also serve public purposes and offer public goods. In trying to capture the complex relationships and blurring boundaries between nonprofits and government, Young (2006) argues that these relations should be viewed through three dimensions: supplementary, complementary, and adversarial. At times nonprofits provide public goods above the level of government offering (i.e., supplementing government services), in other cases nonprofits complement government by partnering or contracting with them to deliver a good or service; and finally, nonprofit advocacy may take on an adversarial role to public policy and thus government may seek to induce or prod private, voluntary action in a particular direction (Young, 2006). Therefore, NVOs have both public and private dimensions to them.

Recently, Bozeman and Moulton (2011) sought to further clarify the boundaries of organizations by opposing explanations of "publicness" to those of "privateness" (see also, Fryar, 2012). They argue that while publicness is understood as "the degree of political authority constraints *and* endowments affecting organizations" privateness captures "the degree of *market* authority constraints and endowments affecting the institution" (Bozeman & Moulton, 2011, pp. i365, italics in original text). Thus, we can better explain publicness by exploring privateness and its relationship to marketization. Bozemen and Moulton state, "All organizations are subject to influences of publicness and privateness and they vary in the degree to which they are subject to each. This variation permits one to identify organizations as 'more private' or 'more public,' not only as a whole but also with respect to key organizational dimensions" (2011, p. i365). Nonprofits provide a unique avenue for exploring these key organizational dimensions from a different perspective than merely defined public and private agencies.

Not unlike the effects of marketization on NVOs, the degree of publicness, too, will impact NVOs. Studies show that nonprofit survival and growth can be attributed to government contracts and grants (Gazley, 2008; Salamon, 2003). In addition, government funding affords NVOs access to the political process and provides further opportunities for advocacy (Chavesc, Stephens, & Galaskiewicz, 2004). Increased professionalism of workers within the nonprofit sector is also a noted consequence of government funding because nonprofits that rely on professional staff are more likely to receive government support (Suárez, 2011).

Other research however shows another side of government involvement with NVOs. Too much funding or control by government can lead NVOs to become government vendors that may drift away from their mission, goals, and clients (Frumkin & Andre-Clark, 2000; Salamon, 1995). Government control can come in many forms such as state regulations and the degree to which government agencies and the legislature holds NVOs accountable. For example, McBeath and Meezan (2010) find that the introduction of performance-based (i.e., use of incentive payment structure), managed care contracts with nonprofit child welfare agencies in Michigan led organizations to be overly focused on efficiency rather than foster care child outcomes of family reunification which may be a more accurate measure of program success. In the end, NVOs can become more bureaucratic, less flexible, and less autonomous from government (Frumkin, 2005; Grønbjerg, 1993; Smith, 2004; Smith & Lipsky, 1993). Research also demonstrates that reliance on government funding decreases the likelihood that nonprofit boards will be more representational of their communities; therefore, organizations which depend less on government funding and more on volunteer labor will have stronger boards that are more representative of their localities (C. Guo, 2007). Given the pivotal role government plays in NVOs behaviors and actions, it is expected that:

> *Hypothesis 3: Greater government control will increase the adoption of business management strategies by nonprofit managers.*
>
> *Hypothesis 4: Receiving government funding will decrease the adoption of business management strategies by nonprofit managers.*

These propositions seek to capture the effects of publicness (i.e., control and funding) on nonprofit management. I hypothesize that more government control encourages managers to adopt business practices in order to please their government principals and thereby appear better managed and, overall, more efficient. This reflects a similar trend to what has occurred in public administration with its emphasis on New Public Management principles (i.e., a market orientation that stresses outcomes and efficiency). Conversely, accepting government funding signifies that government is paying nonprofits-either through grants or contracts-to provide a service. NVOs, who receive funding from government, may be selected for funding because they are nonprofits and are thereby expected to deliver quality services motivated by their charitable missions. Government funding may increase a NVO's financial stability while decreasing its need to use business strategies.

Striving for a nonprofit identity: A case of institutional isomorphism?

Even though commercialization and publicness offer some insight into the powerful forces shaping the management and operations of NVOs, other influences, more internal to the sector's identity and value systems, are at work as well. The identity and values of the sector may seem nebulous, but the literature suggests that there are distinctive and identifiable roles of NVOs. If it can be argued that publicness and privateness describe the core characteristics of organizations, is there room to incorporate a role for an agency's nonprofitness, i.e., their identification with a nonprofit core? Dekker (2001, p. 61) ominously speculates what happens "when nonprofitness makes no difference." While considering the distinctive "nature" of nonprofits must be approached with caution, there are ways of depicting NVOs that capture their distinctiveness from government and business entities (Ott & Dicke, 2012), and indeed there is an assumption by many of those in the field and academic community that a nonprofit mindset, to at least some degree, shape organizational management and action (Anheier, 2005; Weisbrod, 2012). This presumption affects how people think about the effects and changes wrought by marketization.

Scholars have spent decades specifying what NVOs are and what they do. Charitable and religious organizations have historical roots dating back to colonial America although modern-day conceptualizations of these organizations have evolved (Hall, 1992; Holland & Ritvo, 2012). The United Nations (2003, p. 18) defines nonprofit organizations as the following: self-governing, not-for-profit and non-profit distributing, institutionally separate from government, and non-compulsory. Peter Frumkin (2005), a prominent scholar of nonprofits, offers a framework for describing the nonprofit and voluntary sector. He notes that the four distinct purposes of the sector are to promote service delivery, social entrepreneurship, civic and political engagement, and values and faith; any one of these taken to an extreme is problematic.[2] Frumkin argues that while all nonprofit and voluntary agencies should perform each of these functions to some extent, the biggest challenge in the sector is finding the right "fit" and balance between these four objectives (p. 180). Not only do these purposes explain what NVOs do, but they also speak to an inherent value construct of what being a nonprofit should mean. NVOs can create social capital (Putnam, 1995), social trust (Fukuyama, 1996), and social change while also filling in the gap between, or acting as an alternative to, government and business (see also, Ott & Dicke, 2012; Young, 2006, pp. 49-50), especially on behalf of those who are poor and under-represented. In sum, nonprofits are theorized to serve an important role in society as value guardians that emphasize principles like "community participation, due process, and stewardship" (Eikenberry & Kluver, 2004, p. 136).

Combined, these universal purposes and principles of NVOs lay a theoretical ground work for exploring practices and values practitioners in the sector may identify with and hold in high regard. Perhaps, NVOs managers, professionals, and volunteers take these values and understanding of what makes NVOs special into account when making decisions for their agencies. Yet knowing the extent to which these values and identity shape management and actions is difficult. One challenge is that nonprofits still have an "unsettled relationship between the state and the market" (Frumkin, 2005, p. 163). If nonprofits succumb to pressures from business and government, then they risk losing the essence of what makes them distinctive and being further institutionalized to practices of the market and public agencies.

DiMaggio and Powell's (1991) influential theory of institutional isomorphism describes how organizations have the tendency to become more homogeneous to one another. They hypothesize isomorphic changes occur as agencies interact more with one another, depend on other organizations for their resources, professionalize their field, and in particular, if an organizational field relies upon the state for resources, it will then have a higher level of isomorphism. Is it possible for nonprofit and voluntary organizations to maintain their distinctive purposes (i.e., some level of nonprofitness) in a setting pressuring them to make decisions based on market and governmental norms? To begin exploring this question, the following propositions are offered:

> *Hypothesis 5: Higher levels of nonprofitness will decrease the adoption of business management strategies by nonprofit managers.*
>
> *Hypothesis 6: Receiving funding from other nonprofits or foundations will decrease the adoption of business management strategies by nonprofit managers.*

It is expected that managers with a greater identification with core nonprofit values and purposes are less likely to utilize business management strategies in their agencies. These administrators may have stronger beliefs concerning how their NVO should be managed; furthermore, they could see what they do as something distinctive from what administrators in business and government do. In addition, NVOs who receive funding from other nonprofits or foundations are expected to be less likely to adopt business management strategies. This might be attributed to other nonprofit and voluntary agencies encouraging one another to adopt similar norms of behavior. Or, funding from other NVOs may allow administrators to manage without pressures to conform to the practices of business and government.

Background of child welfare agencies

There are compelling reasons for studying the impact of marketization, publicness, and nonprofitness on child welfare nonprofits management. Private, nonprofit child welfare agencies offer a rich context for exploring today's evolving state-market-civil society interactions. First, providing services for children's welfare originally began in the private, philanthropic sector (Embry, Buddenhagen, & Bolles, 2000; Leiby, 1978; Mangold, 1999), starting as early as the 1800s and has continued thus forth (Flaherty, Collins-Camargo, & Lee, 2008). Caring for abused, neglected, and dependent children is "always [been] a 'privatized' system, never an exclusively public one" (Mangold, 1999, p. 1295). However, in current arrangements, the state maintains the ultimate responsibility for a child's mental, physical, and emotional well-being when they are taken away from their parents or families. Foster care and adoptions represents a rare case where government, so to speak, 'owns' an individual and serves as a proxy for decisions made regarding that child's future.

Secondly, the actions NVOs can take to service children and their families are controlled by public policy decisions. Passage of welfare reform in 1996, The Personal Responsibility and Work Opportunity Reconciliation Act (hereafter PRWORA), eliminated many of the entitlement programs such as Aid to Families with Dependent Children (AFDC) and Emergency Assistance while giving greater authority to states for providing welfare services. For example, Temporary

Assistance to Needy Families (TANF) replaced (AFDC). It created time limits for public assistance programs and work force development became an essential component. Reese (2005) argues that despite the lack of national data on the number of women who lost custody of their children due to welfare reform and their poverty-stricken conditions, state data alone reflects a significant number of women abandoning their children.[3] Additionally, welfare reform had strong impacts on state and local governments, as they have had to fund more of child services than in the past (Courtney, 1999; Scarcella, Bess, Zielewski, & Geen, 2006). Another influential component of PRWORA, referred to as the "Charitable Choice" provision, urged states to contract with Faith Based Organizations in the delivery of welfare services. Mangold (1999) and Scarcella et al. (2006) also note the significance of PRWORA since it amended the Social Security Act by adding the word 'for-profit', thus permitting private sector, for-profit organizations to receive federal funding for the provisions of foster care. Additionally, amendments to the Social Security Act, specifically Title IV-B and Title IV-E, affected states' federal funding for family prevention and support services and costs for out-of-home placements and adoption (Flaherty, et al., 2008).

Third, nonprofit child welfare agencies are meeting the needs of a critical service area for government. In fiscal year 2011, 646,000 children were serviced by the public foster care system (U.S. Children's Bureau & ACYF, 2012) and the cost of providing services to these children averages around $20 billion dollars a year (Scarcella, et al., 2006). The magnitude of children receiving services represents only a small portion of those actually affected by the public foster care system. The families of these children and youth – biological, foster, and adoptive – are also impacted by governmental involvement in their lives. A clear majority of states are soliciting and funding nonprofit organizations to provide services to children while still retaining control over

Child Protective Services. The National Survey of Child and Adolescent Well-Being (2001) offers a nationwide estimate regarding nonprofit and private delivery of child welfare services funded by government. In a phone interview with 46 state administrators in 2000, they found that on a statewide basis, at least 90 percent of states surveyed used private providers in foster care placement, residential treatment, and family preservation and family support services (U.S. DHHS & ACF, 2001). Moreover, they discovered that approximately 80 percent of those surveyed reported using for-profit and nonprofit providers to offer family reunification programs, special needs adoptions, and recruitment of foster care/adoptive family services.

And finally, there is a lack of national-level research on how the private and nonprofit provision of child welfare services is occurring (for an exception, see McBeath, Collins-Camargo, & Chuang, 2011). Frequently the data on foster care do not measure what they purport to be measuring, are not longitudinal, are not generalizable to the broader foster population, and lack a systematic understanding of the child's well-being upon entry into the system i.e. a baseline assessments (for further explanation see Rosenfeld et al., 1997; Usher, Randolph, & Gogan, 1999). Curran (2009) notes that one of the ongoing criticisms of the modern child welfare system is that "it is not foster care in and of itself that produces poor outcomes for children but rather a dysfunctional, underfunded child welfare bureaucracy run by poorly trained and over-whelmed staff" (p. ¶7). Furthermore, "Although public child welfare agencies have historically relied upon private agencies to deliver programs and services…very few studies to date have described the characteristics of the private agencies providing child welfare services or the challenges these agencies face" (McBeath, et al., 2011, p. 1). Given the tensions among agencies striving to meet the service needs of children and their families through a web of state-market-civil society interactions offers a rich context for exploring broader trends of the nonprofit sector.

Methods & Data

The effects of marketization, publicness, and nonprofitness on the adoption of business management practices are examined through the perspective of agency managers. Administrators of nonprofit and voluntary child welfare agencies from across the country were surveyed. This sample comes from the classification of charitable statistics using the National Taxonomy of Exempt Entities (NTEE) codes assigned by the Internal Revenue Service and the NTEE-Core Codes (NTEE-CC) assigned by the National Center for Charitable Statistics (NCCS). Organizations were selected only if they were classified as a human service foster care agency with the assistance of the Urban Institute where the NCCS is housed and managed (Boris, De Leon, Roeger, & Nikolova, 2010).[4] While many of these NVOs perform a variety of child welfare services (e.g., adoption, advocacy, and family preservation), their agency's classification falls under NTEE and NTEE-CC codes of foster care services. The choice to sample the population in this manner does remove some of the larger, national agencies like Catholic Charities from the known population of foster care providers. However, it is virtually impossible to identify large nonprofits like Catholic Charities through the NTEE and NTEE-CC system because they are often classified under more general charity type like human service agencies.[5] This sample does not represent a precise sampling frame of NVOs providing foster care services, and as other have noted, this is due in part to the fact that there is no exact count of the number of NVOs, as well as for-profit agencies, offering child welfare services nationwide (McBeath, et al., 2011). However, this work does begin to at least identify a portion of NVOs who are providing child welfare services.

After compiling an initial list of nonprofit foster care agency providers, I conducted further research online and by telephone to find email addresses of top administrators at each agency and to verify the NVOs provided some form of child welfare or advocacy service. A total of 426 managers were included in the sampling frame, and of that, 184 individuals participated in this research giving a response rate of 43 percent.[6] The data come from an online survey collected between April 12, 2012 and June 27, 2012. The design of my survey instrument is derived from a combination of literature reviews of nonprofit, public administration, and social work research as well as the results of research conducted by the National Quality Improvement Center on the Privatization of Child Welfare Services.[7] The 54 question survey should have taken respondents between 20 to 25 minutes to complete. Observations come from NVOs in 38 different states.

Dependent variables

Four dependent variables measure the adoption of business management strategies in child welfare nonprofit and voluntary agencies. These dependent variables are *receiving fees-for-services, engaging in marketing alliances with businesses, professionalizing agency by replacing volunteers*, and *running my agency like a business*. The frequency of acquiring private fees-for-services and using cause-related marketing alliances with businesses are measured on a three-point scale of never, occasionally, and frequently. The fourth dependent variable is three-point scale based on whether they agree, disagree, or are neutral with the following statement: “there is a need to replace volunteers with professional staff members.” Lastly, managers were asked on a day-to-day basis, how important is “running my agency like a business” in informing your decision-making. A four-point Likert scale of not important at all or slightly important, moderately important, or extremely important explains perceived importance of running their agency like a business.

Independent variables

The role marketization trends may play in the adoption of business management practices is examined through two variables. The first variable is an exploratory factor score labeled the "influence of the business community."[8] A factor score helps identify key constructs of a particular concept in addition to relying on intuition and theory (Fabrignar & Wegener, 2012). The measured variables creating *the influence of business community index* are based on Likert scales of agreement and disagreement with the following five statements: 1) There is greater competition with businesses for government contracts and funding; 2) There is pressure to generate commercial revenues and fees-for-services; 3) Businesses providing child welfare services presents a challenge to your agency's service provision; 4) Competition with other agencies over funding presents a challenge to your agency's service provision; and 5) Large donors or corporations influencing management or programs presents a challenge to your agency's service provision. These variables factor around one score (eigenvalue=1.53). In addition, the Cronbach's alpha's is .67 which is a fairly reliable and internally consistency measure of the index. Both of these scores indicate that the index is capturing the underlying construct of what I have termed the influence of the business community.[9] A second, binary variable of whether a NVO *receives funding from business corporations* is also used to further explore the effects of marketization.

The impact of publicness on the adoption of business management practices is measured with two variables. First, a *government control index* is captured through factor score analysis. The government control index is created from six survey questions: 1) If your agency stopped receiving government funds, how would this affect daily operations; 2) The level of influence of State Child and Family Services Review findings and your state's Program Improvement Plan on your agency's operations; 3) The level of influence of state regulations on agency operations; 4) How involved are the public child welfare agencies and 5) state legislatures in holding your agency's operations accountable; and, 6) The extent to which strong governmental influence over agency operations presents a challenge to effectively providing services. The reported eigenvalue from this scale is 1.52 and the Cronbach alpha is .67. Together, these scores signify the index is fairly reliable and an internally consistent measure of what I refer to as government control. Another binary variable that helps explore the influence of publicness is whether or not a NVO *receives government funding* from either state legislatures or public child welfare agencies. A majority of the literature on publicness includes a dimension of agency ownership in their statistical models. Given the fact that all organizations in this sample are private, nonprofit agencies, and that measuring ownership in the nonprofit and voluntary sector is difficult to account for, these models do not include the typical ownership variable.[10]

The final variables of interest addresses how managers identify with the nonprofit purposes and values NVOs serve in society – nonprofitness – and whether they are receiving funding from other nonprofits and foundations. Exploratory factor analysis is employed to demonstrate the extent to which managers agree with the following seven statements about nonprofit organizations' role in society in that they: 1) Act as an alternative to government by protecting and promoting individual and community values and interests; 2) Experiment or be innovative in programs, processes, and service delivery; 3) Drive social change; 4) Serve poor, under-represented, or disadvantaged individuals; 5) Promote causes and policies on behalf of clients and communities; 6) Bring communities together and develop social trust; 7) Provide or supplement services government and business cannot or does not offer. Rather than viewing nonprofits purposes independently, the real distinctive nature of NVOs may be in the combination and clustering of their roles (Salamon, Hems, & Chinnock, 2000). Explaining the identity and values of the nonprofit sector is comparable to what Moulton and Eckerd (2011) refer to as their "Nonprofit Sector Public Role Index." Similar to their findings, the managers in this sample identify with the particular purposes of the nonprofit and voluntary sector. Combined, these measures have a high eigenvalue score of 4.31. The Cronbach alpha of .91 is also high indicating that the *nonprofitness index* is capturing an underlying concept. The final binary variable that explores the influence of other nonprofits and foundations is whether NVOs *receives funding from other nonprofits and foundations*.

Control variables

Agency and individual level characteristics are controlled for in these models. There are six agency level controls. The first measures is of an a*gency's operating budget revenues* with 45% of managers reporting revenues of less than \$1 million, 30% with revenues between \$1million and \$4.9 million, and 25% with revenues of \$5 million or more. *Range of services offered* captures the different number of child welfare services an agency provides with up to 14 different choices available (mean = 5.11 and standard deviation = 3.07). Several NVOs *offers advocacy services* for children and families (mean = 48%). *Provides services in rural area* measures whether a nonprofit organization offer services in rural areas (mean = 31%). Two other agency level controls are whether they have a *board member from business* (mean = 82%) and a *board member from government* (mean = 32%).

At the individual level there are five control variables. *Females* account for 55% of respondents. The *executive director* or president variable measures whether the respondent is the top administrator (65%) at their agency or have a different position. *Education level* is a categorical level variable reporting their level of education with 8% reporting less than a BA or BS degree, 23%t reporting a BA or BS degree, 56% reporting a Master's degree, and 13% reporting a PhD or Doctorate degree. The *business background and training* variable measures whether they have a professional background or training in the area of business (11%) and *worked in a business corporation* measures whether they have worked in a business corporation (23%).

Statistical approach

All four models of business management practices are based on categorical dependent variables. Two dependent variables, *charging fees for services* and *engaging in marketing alliances with business*, are based on a frequency of occurrence from never to occasionally to usually. *Professionalizing agency* by replacing volunteers is measured on a range from whether respondents agree, neither agree nor disagree, or disagrees with this practice. I test all these relationships using a multinomial logistic model given that the dependent variables in these three models do not have a natural ordering to them.[11] Multinomial logistic models does limit analysis to comparing alternatives and relative change by examining one category at a time; nonetheless, it is still a useful statistical approach for studying statistical relationships among categorical variables (e.g., see Feeney, 2008; C. Guo, 2007; Stratton, O'Toole, & Wetzel, 2008). Of the four dependent variables, only the fourth variable of *running my agency like a business* has a natural ordering based on a range of importance from one to four; hence, an ordered logistic model will be employed.

The results and interpretation of these models are presented as odds ratios. For the multinomial logistic models, positive and significant independent variables have values above one indicating an increased odd of being in the non-reference category controlling for other variables in the equation. Conversely, an odds ratio of less than one signals that the independent variable decreases the predicted probability of being in the non-reference category holding all other variables at their means.

Results

The findings of nonprofit managers' adoption of business management strategies are presented in four tables with only the key variables of interest displayed. The full models are presented in Appendix 1. Table 1 and 2 presents the results of occasionally and usually charging fees for services, and using marketing alliances with businesses, when compared to the reference category of never doing these practices. Table 3 displays the findings of whether managers agree or are neutral about there being a need to professionalize their agencies by replacing volunteers compared to those who disagree. The final model of running my agency like a business is presented in Table 4.

Fees for services

Three of the key independents variables (1) *influence of the business community index,* (2) *receiving funding from business,* and (3) *government control index* are significantly related to charging fees for services. First, an increase in the *influence of the business community index* explains an increase in the likelihood of NVOs charging fees for services when compared to those who never charge fees for services. More specifically, a one point increase in the business community's influence is associated with increased odds of usually charging fees for services by a factor of 2.4. Secondly, *receiving funding from business* increases the likelihood of occasionally charging fees or services. Therefore, agencies that receive money from business are 345% more likely to charge fees for services compared to those who never do. And finally, more government control is associated with decreased odds of charging fees for services; thus, a one point increase in the *government control index* decreases the likelihood of usually charging fees for services by 67%. The other key variables of interest- *receiving funding from government*, *nonprofitness index*, and *receiving funding from nonprofits and foundations*-are not significant predicators of the frequency with which agencies charge fees for services.

Table 1. Multinomial Logistic Regression of Charging Fees for Services

	Occasionally versus Never		Usually versus Never	
Independent Variables	Odds Ratio	SE	Odds Ratio	SE
Influence of the business community index	1.785	0.670	2.364*	0.943
Receives funding from businesses	4.450*	3.292	1.141	0.940
Government control index	0.520	0.216	0.331*	0.170
Receives funding from government	1.240	0.939	0.497	0.384
Nonprofitness index	1.266	0.403	0.798	0.250
Receives funding from nonprofits/foundations	0.459	0.271	1.762	1.249

Reference category: Never; N=151; χ^2 *= 89.068***; Log likelihood full model -109.484;*
**p<0.10, **p<0.05, ***p<0.01*

By examining the model of charging fees for services, I find support for the hypotheses that increased influence of the business community and accepting funding from business corporations leads to the adoption of business management practices by child welfare agency administrators. Businesses commonly charge for their services and products, and in the context of these child welfare agencies, 48% of them reported charging fees for services at least on an occasional basis. Contrary to what was suspected, more government control does not lead to an increase in the likelihood of using fees for services. This could be attributed to the fact that if government is controlling an agency through state and federal regulations or accountability measures (e.g., specified in contracts), government may also discourage agencies from charging fees. It is also possible that government could have more control of one services area (e.g., foster care and adoption) and less control in another (e.g., advocacy or family support services). In addition, government funding may be sufficient to cover the costs associated with service provision making fee charges no longer necessary.

Alliances with businesses

The *influence of the business community index* and *receiving government funding* are significant predictors of NVOs engaging in cause-related marketing alliances with businesses to market an image, product, or service for mutual benefit. An increase in the *influence of the business community index* increases the odds of usually engaging in marketing alliances with business when compared to never while *receiving funding from government* is associated with a decrease in the odds of occasionally creating business alliances. Respectively, a one point increase in the *influence of the business community index* increases the odds of usually versus never creating alliances with businesses by 149%. Correspondingly, nonprofits that accept government funding are 71% less likely to occasionally use marketing alliances with businesses.

Table 2. Multinomial Logistic Regression of Engaging in Marketing Alliances With Businesses

	Occasionally versus Never		Usually versus Never	
Independent Variables	Odds Ratio	SE	Odds Ratio	SE
Influence of the business community index	1.217	0.410	2.486**	0.967
Receives funding from businesses	0.552	0.358	1.857	1.518
Government control index	1.077	0.391	1.514	0.694
Receives funding from government	0.289*	0.187	0.291	0.248
Nonprofitness index	1.204	0.310	1.863	0.706
Receives funding from nonprofits/foundations	2.337	1.328	0.836	0.562

Reference category: Never; N=149; χ^2 *= 68.179***; Log likelihood full model -123.828;*
**p<0.10, **p<0.05, ***p<0.01*

Creating marketing alliances with businesses was not found to be associated with *receiving government funding*, *government control index*, *nonprofitness index*, or *receiving funding from nonprofits and foundations*.

Thus, I find evidence in support of hypotheses 1 and 4. An increasing level of business community influence does increase the likelihood that a child welfare agency will engage in marketing alliances with businesses. NVOs may actively seek out alliances with businesses because they believe it will be financially beneficially and/or improve their agency's presence and recognition in the community. On the other hand, these agencies could feel pressured to seek out alliances with businesses out to necessity or due to the lack of other resources. Correspondingly, child welfare agencies who accept government funding may be less likely to financially need to engage with business marketing alliances.

Professionalization

The *influence of the business community index* and *receiving government funding* are related to the likelihood of nonprofit managers reporting a need to professionalize their agencies. Greater *influence of the business community* increases the odds of NVOs managers reporting they feel a need to replace their volunteers with professional staff members than those who disagree, holding all other variables at their means. Thus, a one point increase in the *influence of the business community index* is positively associated with managers agreeing that there is a need to professionalize their agency by a factor of 4.9 times and by a factor of almost 2 times for those who are neutral, compared to those in the disagree category. Additionally, nonprofits that take government funding are 365% more likely to be neutral regarding professionalizing their staff when compared to those who disagree with replacing volunteers.

Table 3. Multinomial Logistic Regression of Professionalizing Agency

	Neutral versus Disagree		Agree versus Disagree	
Independent Variables	Odds Ratio	SE	Odds Ratio	SE
Influence of the business community index	1.949*	0.781	4.850***	0.781
Receives funding from businesses	0.526	0.356	0.662	0.450
Government control index	0.887	0.357	0.585	0.238
Receives funding from government	4.648*	3.722	0.957	0.672
Nonprofitness index	0.965	0.241	1.294	0.358
Receives funding from nonprofits/foundations	1.049	0.618	1.183	0.677

*Reference category: Disagree; N=163; χ^2 = 72.690***; Log likelihood full model -141.813;*
**p<0.10, **p<0.05, ***p<0.01*

As in similar business management practices, *nonprofitness index,* and *receiving funding from nonprofits and foundations* are not significant predictors of agency professionalizing. Furthermore, the *government control index* and *receiving government funding* are not significant either.

Among those child welfare agencies with managers who report needing to replace volunteers with professional staff members, evidence suggests they are being impacted by the business community. Not surprisingly, growing influence from the business community predicts the likelihood that managers will want to professionalize their agencies.

Running their agency like a business

The only key variable of interest that positively and significantly increases the likelihood of NVO managers choosing to run their agency like a business is the *influence of the business community index.* Generally, greater influence of the business community leads managers to place an increased level of importance on running their agency like a business. More specifically, a one point increase in the *influence of the business community index* increases the odds that managers find running their agency like a business as more important by a factor of 1.6. To put it another way, a point increase in the index means managers are 60% more likely to consider it is more important to run their agency like a business. In this table, two additional variables that further explain why managers run their agency like a business are included: having a *business board member* and receiving a *business background and training.* These variables are not significant in the other business management strategies models, but are included here because they depict just how powerful the business community via business education and board member influence is on management strategies. NVOs with a *business board member* are 375% more likely to run their agency like a business. Additionally, NVO managers with a *business background and training* are 310% more likely to report running their agency like a business. The other key variables of interest were not statistically significant predictors of manager's running their agencies like a business.

Table 4. Ordered Logistic Regression of Running My Agency Like a Business

	Odds Ratio	SE
Influence of the business community index	1.596*	0.396
Receives funding from businesses	0.598	0.286
Government control index	0.927	0.251
Receives funding from government	1.991	1.039
Nonprofitness index	1.127	0.235
Receives funding from nonprofits/foundations	0.901	0.374
Business board member	4.752***	-2.402
Business background and training	4.103**	-2.494

*N=148; χ^2 = 62.277***; Log likelihood full model -158.408; Pseudo R^2 = 0.164;*
**p<0.10, **p<0.05, ***p<0.01*

Similar to the other business management practices models, greater influence from the business community increases the odds that administrators will report that running their agency like a business is important to them. Some may find it surprising that these managers would identify with the statement of "running my agency like a business" when they work in the child welfare field. I would argue, however, that this gives further credence to the power of a business-minded approach and philosophy within nonprofit and voluntary agencies. Interestingly, other factors like having a business board member and professional training also cause managers to identify with the value in running their agency like a business.

Discussion

The analysis presented in this paper examines whether child welfare nonprofit and voluntary agencies are implementing business-based management strategies, and, the extent to which external and internal forces are affecting their actions. Conversations regarding the marketization of NVOs are not a new phenomenon; and yet, this research further contributes to this on-going dialogue in interesting ways. The results show that managers of child welfare nonprofits are charging for services and the likelihood of usually imposing fees are positively influenced by the business community and negatively associated with government control. The likelihood of managers usually engaging in cause-related marketing alliances with businesses increases with more business community influence. Child welfare managers who agree that their agency needs to professionalize its workforce are also being impacted by the business community's influence. And finally, administrators, who report "running their agency like a business" is important to them, can be attributed to pressures from the business community, having business board members, and having a background and training in business. Ultimately, the best predictor of these management strategies is the influence of the business community (e.g., competition and pressures to generate commercial revenues). Part of the intrigue lies in attempting to determine the tipping point for when nonprofits become 'shadow businesses' or 'for-profits in disguise' and thereby lose some of their nonprofit identity. This research empirically supports the theory that nonprofits are undergoing commercialization of their practices (Ott & Dicke, 2012; Weisbrod, 1998) and values; moreover, I find that this is occurring in an unexpected human service area like child welfare nonprofits. The consequences of NVO's adopting business management practices are profound.

The data presented in this research overwhelmingly demonstrates the power and influence of the business community on the management of child welfare agencies. Similar to what others have suggested, "When faced with large new opportunities for commercialism, many nonprofits seem quite willing to shed their altruistic cover and assume the values and behavior of for-profits" (James, 1998, p. 285). Explaining the extent to which these child welfare agencies managers 'know' that they are being influenced by business pressures cannot be detected; nonetheless, the results of this investigation does show the presence of a business mindset in these administrators. Surprisingly, measures of government control and funding did not reduce the adoption of business management strategies in most models; moreover, managers' level of nonprofitness did not reduce the adoption of business management practices in any of the models. Thus, indicates that while publicness and nonprofitness may matter in other management practices, their influences on using business management practices pale in comparison with that of privateness. The results of the data suggest that the management of child welfare agencies is succumbing to isomorphic pressures placed on them by the business community.

The data offers support for the perpetual blurring and blending of the sectors. Scholars have long speculated the extent to which the blurring between NVOs and business and NVOs and government puts civil society at risk in long run (Alexander, et al., 1999; Eikenberry & Kluver, 2004). The implications of these trends of nonprofits adopting business management practices are yet to be decided. For decades private firms have been crying foul and "unfair competition" because revenue generating nonprofits are not being taxed (Rose-Ackerman, 1990). Additionally, NVOs and private foundations represent an area of the U.S. economy that is having substantial growth of its financial revenues and assets (Arnsberger, Ludlum, Riley, & Stanton, 2012). Government has yet to respond to these criticisms by revoking NVOs tax-exempt status. But given the decreasing revenue streams of government, along with increasing lobbying power of corporations (e.g., the *Citizens United v. Federal Election Commission* case), imagining a future where taxing NVOs is not considered a viable revenue source for government seems unlikely. This may be particularly relevant to NVOs that are charging fees for services and using for-profit subsidiaries to pay for their other services.

The findings of this research also have implications on a more specific level for organizations providing child welfare services and advocacy. It raises normative questions regarding what *should* be influencing the management of nonprofits organizations. One might expect that some sense of a nonprofit identity and values would impact a manager's decision to utilize business management practices i.e., decrease the likelihood that administrators would rely on these strategies in running their agency. However, evidence from this research suggests otherwise. The consequences of child welfare agencies embracing a market orientation will likely have significant and possibly negative impacts on children and their families. Research has already demonstrated that government contracts specifying performance-based outcomes are leading to an increasing focus on efficiency at the cost of child outcomes (McBeath & Meezan, 2010). Additional research also shows the potential negative consequences of commercialization on individual agencies and the sector. For example, Guo (2006) surveyed 67 different human service organizations and found that higher levels of commercial income did not significantly improve nonprofits ability to achieve their mission and service their clients. Others suggest that viewing clients and citizens as consumers, due in part from commercial and business mentality pressures, can have negative effects on civil society, citizens, and other major institutions

(Backman & Smith, 2000; Eikenberry & Kluver, 2004). In the case of child welfare agencies, we do not know the impact of employing business management practices on the outcomes of children and their families. At best it may have no effect and at worst it could have devastating consequences for children and youth in the system. If managers focus more on survival and competition with other agencies for resources, then they may lose focus on their primary mission and responsibility to children and their families.

Conclusion

This research responds to Dekker's (2001) question of what happens "when nonprofitness makes no difference?" with "they adopt business management strategies and start running their agency like a business." This study describes the pervasiveness of the business community's influence on the management of child welfare agencies. It demonstrates how child welfare agencies have yielded to isomorphic pressures from the market and have therefore taken on management strategies similar to that of private, for-profits such as charging fees for services, engaging in marketing alliances with businesses, professionalizing their agency staff, and running their agency like a business.

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Appendix 1: Multinomial Logistic and Ordered Logistic Regression Models

	Charging Fees for Services		**Engaging in Marketing Alliances with Businesses**		**Professionalizing Agency**		**Running My Agency Like a Business**
	Occasionally versus Never	Usually versus Never	Occasionally versus Never	Usually versus Never	Neutral versus Disagree	Agree versus Disagree	Ordered Logit
Independent variables	Odds Ratio/(SE)		Odds Ratio/(SE)		Odds Ratio/(SE)		Odds Ratio/(SE)
Influence of the business community index	1.785	2.364**	1.217	2.486**	1.949*	4.850***	1.596*
	(0.670)	(0.943)	(0.410)	(0.967)	(0.781)	(1.941)	-0.396
Receives funding from businesses	4.450*	1.141	0.552	1.857	0.526	0.662	0.598
	(3.292)	(0.940)	(0.358)	(1.518)	(0.356)	(0.450)	-0.286
Government control index	0.52	0.331**	1.077	1.514	0.887	0.585	0.927
	(0.216)	(0.170)	(0.391)	(0.694)	(0.357)	(0.238)	-0.251
Receives funding from government	1.24	0.497	0.289*	0.291	4.648*	0.957	1.991
	(0.939)	(0.384)	(0.187)	(0.248)	(3.722)	(0.672)	-1.039
Nonprofitness index	1.266	0.798	1.204	1.863	0.965	1.294	1.127
	(0.403)	(0.250)	(0.310)	(0.706)	(0.241)	(0.358)	-0.235
Receives funding from nonprofits/foundations	0.459	1.762	2.337	0.836	1.049	1.183	0.901
	(0.271)	(1.249)	(1.328)	(0.562)	(0.618)	(0.677)	-0.374
Agency's operating budget revenues	1.699*	0.824	1.708**	1.138	0.574**	0.651	1.437*
	(0.490)	(0.257)	(0.437)	(0.368)	(0.156)	(0.174)	-0.275
Range of services offered	1.344**	1.630***	0.856	1.122	1.231	1.307*	0.934
	(0.183)	(0.276)	(0.100)	(0.174)	(0.160)	(0.179)	-0.086
Offers advocacy service	0.792	1.248	0.616	0.149**	0.360*	0.353*	0.390**
	(0.459)	(0.812)	(0.313)	(0.113)	(0.204)	(0.203)	-0.162
Business board member	1.084	1.814	1.331	3.549	0.504	0.815	4.752***
	(0.799)	(1.613)	(0.853)	(3.162)	(0.326)	(0.530)	-2.402
Government board member	1.447	1.052	0.543	0.708	1.66	0.992	1.058
	(0.762)	(0.671)	(0.268)	(0.443)	(0.886)	(0.532)	-0.406
Provides services in rural area	0.568	0.678	0.548	1.96	1.736	1.316	0.504*

	(0.317)	(0.430)	(0.284)	(1.127)	(0.882)	(0.673)	-0.191
Female	1.331	0.99	0.911	2.167	1.592	1.824	2.302**
	(0.716)	(0.622)	(0.434)	(1.277)	(0.802)	(0.898)	-0.869
Executive director	1.218	1.314	1.391	0.891	1.68	2.664*	0.967
	(0.669)	(0.811)	(0.710)	(0.557)	(0.927)	(1.461)	-0.375
Education level	0.296***	0.836	0.441**	1.523	0.289***	0.309***	3.395***
	(0.136)	(0.431)	(0.178)	(0.753)	(0.130)	(0.133)	-1.117
Worked in a business corporation	0.497	0.585	0.612	0.945	0.393	1.446	1.237
	(0.288)	(0.417)	(0.338)	(0.601)	(0.261)	(0.787)	-0.497
Business background and training	1.166	1.518	3.975	3.082	1.138	1.085	4.103**
	(0.976)	(1.444)	(3.621)	(3.452)	(1.072)	(0.863)	-2.494
	*Reference category: Never; N=151; χ2= 89.068***; Log likelihood full model -109.484*		*Reference category: Never; N=149; χ^2=68.179***; Log likelihood full model= -123.828*		*Reference category: Disagree; N=163; χ2=72.690***; Log likelihood full model= -141.813*		*N=148; χ^2=62.277**; Log likelihood full model=-158.408; Pseudo R^2=0.164*

* p<.10, ** p<.05, *** p<.01

[1] For some exceptions, see (Heinrich & Fournier, 2004; Moulton & Eckerd, 2011; Weisbrod, 1988).
[2] Frumkin creates a chart that describes the challenges of taking any of these four purposes of the sector to an extreme: for service delivery it is vendorism, for social entrepreneurship it is commercialism, for civic and political engagement it is polarization, and for values and faith it is particularism (2005, p. 165)
[3] The effects of PRWORA were especially difficult for poor women and children. In her book *Backlash against welfare mothers: Past + present*, Reese (2005) integrates how and why states placed stringent restrictions on welfare recipients that inevitably led to multiple negative impacts on welfare mothers and their children. Reese incorporates the role racism and the rise of corporatism played in the backlash against certain mothers who were often labeled as "welfare queens." She states "far from promoting 'family values,' welfare reform has torn many poor families apart" (p. 17). From reading her work, one can implicitly tie links between the rise in U.S. poverty, single mothers, and foster care services.
[4]The NTEE and NTEE-CC code for major activities for this research on foster care is P32.
[5] The NTEE classification system can be messy. The IRS does not assign their own codes and their coding methodology is not always consistent; however, their codes do designate whether nonprofit and voluntary agencies offer child and family services. Thus, organizations like the Urban Institute have created a similar coding structure (i.e., NTEE-CC) to try to overcome challenges with the NTEE coding structures (Durnford, 2011). The sample in this research capitalizes on both coding structures that classified organizations as foster care agencies.
[6] Of the 184 individuals that participated in this research, 148 completed the survey (80%) and 36 partial completed the survey (20%).
[7] The National Quality Improvement Center on the Privatization of Child Welfare Services is conducting one-of-a kind research in the area of privatization of child welfare services. In 2011, they developed and implemented the National Survey of Private Child and Family Service Agencies (McBeath, et al., 2011). Their work, funded by the Children's Bureau since 2005, provided much of the inspiration for my research and survey design.
[8] Available case analysis, more specifically Dummy Variable Adjustment, is used in the models to handle missing data in the independent variables and thereby prevents losing observations at the case level when a question is not answered (for review of the method see Cohen & Cohen, 1985). Thus, it helps preserve a larger portion of the sample which is especially important when creating factor scores since missing one answer from a series of questions means that all other responses are dropped from the analysis. Models were run before including the Dummy Variable Adjustment technique and no statistically significant differences were found.
[9] The eignevalues-greater-than-one rule or the *Kaiser criterion* is the "most widely used procedure for determining the number of factors" (Fabrignar & Wegener, 2012, p. 55).
[10] Some may speculate as to why I did not include some type of board level variable as an ownership measure of publicness. In the nonprofit and voluntary sector, boards are stewards rather than owners of agencies and thus are responsible for how organizations conduct themselves but not in the same way for-profit boards have ownership and hold firms accountable (Frumkin, 2005, p. 6).
[11] I did run the test of parallel lines assumption (i.e., proportional odds assumption) to see whether these variables did in fact have an ordinal relationship. The assumption is violated for charging fees for services (significance 0.0004), using cause-related marketing alliances with business (significance 0.0026), and professionalizing agency (significance 0.0917); therefore, the null hypothesis is rejected and dependent variables are determined not to be ordinal. The multinomial logistic model is preferred to using an improperly specified ordinal logit model (Liao, 1994, p. 50).