THE NONPROFIT SECTOR

A Research Handbook

THIRD EDITION

Edited by Walter W. Powell and Patricia Bromley

STANFORD UNIVERSITY PRESS
Stanford, California
Cities, historian and sociologist Lewis Mumford argued in a speech to urban planners in 1937, are sites of the “urban drama” (Mumford 1937). That is, cities are scenes of the most profound challenges and opportunities for both individuals and collectives. In the twenty-first century, cities are places of rising economic inequality, persistent racial segregation, global migration and displacement, and increasing climate threats. Relatedly, they are also hubs of innovation, creativity, mobilization, and resources; they are places where people come to work, live, join, study, earn, relax, and protest.

Cities are also home to a vast array of nonprofit organizations. Art museums, hospitals, universities, block clubs, advocacy groups, homeless shelters, service providers, and think tanks dot the urban landscape. Nonprofits are the vehicles through which urban residents engage their governments, the spaces in which they meet their neighbors, the educational centers that produce new leaders and knowledge, the anchor institutions that define neighborhoods, and the economic engines that launch regional industries. They care for the sick, preserve the arts, promote causes, occupy real estate, partner with business and government, employ residents, and provide services to those on the top of the economic ladder and those on the bottom. They create public awareness and mobilize resources and people in ways that address and, at times, exacerbate challenges such as exclusion, displacement, and decay.

What is easy to conjure from observing the “urban drama” has been documented in research that analyzes these patterns as products of broad historical and sociological processes. Scholars have demonstrated the necessity of considering cities along numerous axes of analysis, as well as considering the ways nonprofit organizations are (and have been) products of their environments and producers of it. As Richard LeGates and Frederic Stout argue (2015), the city fulfills multiple basic societal functions at once: the citadel (government), the market (economy), and the community (civil society and family). The ways in which nonprofits have become entangled in each of these functions have been the subject of research from a range of disciplines. This chapter traces much of this research.

* We thank Luís Bettencourt, Jackie Hwang, Jeremy Levine, Nicole Marwell, Frederic Stout, and the editors of this handbook for their helpful comments. All errors are our own.
throughout a cross-disciplinary literature while highlighting work, in particular, from our respective fields of sociology and history. On balance, we encountered a literature rife with evidence on the urban quality of the nonprofit sector and the centrality of these organizations to the urban drama, but that remains fragmented and lacking a framework for understanding the relationship between cities and their nonprofits.

This chapter synthesizes existing research to argue that nonprofits constitute a form of urban infrastructure that both defines and reflects the city—which we understand as a network of organizations and people in geographically anchored spaces (Laumann, Galaskiewicz, and Marsden 1978). We first discuss the nonprofit sector as a predominantly, though not exclusively, urban phenomenon.\(^1\) We bring together quantitative and qualitative approaches to assess this urban quality. We then consider how the urban environment shapes the behavior of collocated organizations, considering specifically the ways in which urban contexts mold nonprofit organizations such as through shared social, political, and economic institutions (Marquis, Lounsbury, and Greenwood 2011).

Nonprofits are not solely a product of their environments, and through their direct and indirect activities they shape the physical, economic, political, and cultural structure of cities. This leads us to outline five key roles that nonprofits play in cities: (1) forges of civic capacity, (2) participants in urban governance, (3) conveners of economic networks, (4) anchors of belonging, and (5) builders of the physical environment. This literature helps us illustrate how nonprofits form an infrastructure that undergirds the city.

Invoking the metaphor of *infrastructure* borrows from the great urbanist Jane Jacobs, who discussed streets and sidewalks as “bound up with circulation” and as part of the lifeblood and functioning of a city (Jacobs 1992:29). Jacobs’s use of infrastructure as a metaphor notably refers to both a hard and soft infrastructure—of the physical or material streets and sidewalks that create city grids, and the more amorphous ways that those grids facilitate human interaction. We frame nonprofit organizations and the sector they compose as fulfilling a similar role for cities in both direct and indirect ways. For example, a homeless shelter provides a direct service but also occupies a physical presence in a neighborhood, receives philanthropic and government resources, and advocates for housing policies; a global nongovernmental organization (NGO) serves a population beyond its headquarters in New York but still has an influence on the neighborhood and city in which it is based through convening meetings, disseminating research, employing staff, and occupying an office building. These nonprofit entities both constitute and reflect the cultural, economic, physical, political, and spatial terrain of the city. They form an urban infrastructure that scholars of cities and of nonprofits ought to acknowledge in order to understand the past, present, and future of cities and the organizations that inhabit them. We conclude the chapter with a research agenda to further this framework and our understanding of the civic life of cities.

**The Urban Dimension of the Nonprofit Sector**

The nonprofit sector is predominantly, though not exclusively, anchored in cities. In the United States today, more than 80 percent of U.S. nonprofits are in urban agglomerations above twenty-five thousand people. Measures of nonprofit density point to the amount of services and resources provided in a given city (Small and McDermott 2006). Most of these organizations tend to what is happening in front of their door. In a survey of a
representative sample of nonprofit organizations in the San Francisco Bay Area, Woody Powell and his colleagues (see Hwang and Powell 2009) found that more than three quarters of surveyed organizations deliver their services or advocacy in the city or county in which they are located. Given that nonprofit organizations deliver a consistent fraction of services on behalf of municipalities (Brandtner and Suárez 2018), differences in the densities of nonprofit organizations between cities may reflect local governance patterns, politics, and need. The relative size or strength of the local nonprofit sector also speaks to other durable properties of the local community such as civic capacity (Lecy and Van Slyke 2012; Rao and Greve 2018) or local governance regimes (Marwell and Brown, Chapter 9, “Toward a Governance Framework for Government–Nonprofit Relations”). Most data on the nonprofit sector as a whole, however, adopt either a national- or organizational-level scale and provide little texture to how cities and their subset of the sector differ.

And yet they do differ, as a brief comparison between cities based on nonprofit tax data, compiled by the National Center for Charitable Statistics, makes clear. Figure 11.1 shows the concentration of nonprofit dollars in cities in the United States and that about a third of overall budgets are tied to nonprofits headquartered in only ten city regions. It also demonstrates, however, that there is stark variation in terms of spending in a given locale—the mean nonprofit dollars spent per year range widely even among the top ten, from around three million in Los Angeles, California, to over twenty-five million in Portland, Oregon. This disparity indicates structural differences between places, although the legal location of national headquarters (e.g., health insurance providers in Portland, Oregon) is distortive. For this reason, comparisons of numbers and densities are more...
Figure 11.2 Where are U.S. nonprofits?

Note: Nonprofit locations are estimated based on addresses listed on IRS forms 990. Although the city region (i.e., Metropolitan Statistical Area) of these addresses typically aligns with the location of the organization, these locations should be interpreted with care: Not all addresses are correct (e.g., small organizations may list home addresses of a board member), organizations with branches may not file independently but only in the city in which their headquarters are located, and an organization’s sphere of activity may not align with its location.
meaningful. Figure 11.2 shows where the largest local nonprofit sectors are located in terms of the number of organizations, and which cities have the highest numbers of nonprofits per capita. Unsurprisingly, places with national and international NGOs such as Washington, DC, and New York City stand out for both absolute size and the density or ratio of organizations per capita, pointing to some correlation between the two. To hold the position of some large cities constant over time, it helps to look at changing numbers over a discrete period. Figure 11.3 shows that although the growth in the number of nonprofit organizations has been linear, that growth has been uneven. At the same time, it demonstrates a consistency of these differences between cities over a decade. Taken together, these figures underscore great and durable variation in the size of urban nonprofit sectors.

The figures raise questions not only about the causes of such difference between cities and their slice of the nonprofit sector, but also about the local consequences thereof.

Figure 11.3  How did the number of nonprofits in a given city change from 2005 to 2015?
Dominant theories of and classic works on nonprofits, however, tend to overlook place in their analyses and thus cannot explain the urban trend as a whole or the local variation. Theories of government failure and contract or market failure (Powell, Chapter 1, “What Is the Nonprofit Sector?”) define nonprofits and explain their existence vis-à-vis the absence of the state or market. Research following from these theories tends to rely on national-level data that align with seemingly distinct state or market boundaries (Matsunaga and Yamauchi 2004; Anheier, Lang, and Toepler, Chapter 30, “Comparative Nonprofit Sector Research”). These findings, particularly from comparative studies of countries or industries in them, have lent support to canonical theories, but research at the city level may tell another story. For example, comparing over three hundred metropolitan statistical areas in the United States, Lecy and Van Slyke (2012) find that higher density of human service nonprofits is associated with more government funding, not with demand heterogeneity as would have been predicted by Henry Hansmann (1987). This finding adds further weight to the necessity of considering the dimensions of the nonprofit sector at a city level, and of building a theoretical framework for understanding it.

**How Cities Shape Nonprofits**

Nonprofits are exposed to and shaped by the institutional properties of the city in which they are located on a daily basis: in cities, they share constituents, funders, peers, place, and an understanding of the most pressing problems and how to resolve them (Marquis and Battilana 2009; McQuarrie and Marwell 2009; Marquis et al. 2011). This means that nonprofits are located within a city and influenced by their immediate surroundings, even as those surroundings are themselves filters for external influences beyond the city itself (Self and Sugrue 2002). Broader social and cultural patterns shape and are reflected by nonprofit organizations, as many chapters in this handbook illustrate. As Michael McQuarrie and Nicole P. Marwell (2009:247) argue, “organizations are structured by their geographic, organizational, and institutional environments, and organizations in turn structure their environments.” Though they were speaking broadly about organizations, their words hold in particular for the nonprofit sector. In the following discussion, we briefly outline some of the ways in which nonprofits are subject to their discretely local context.

*In a city, nonprofits share a demographic, political, and legal environment.* Municipal governments in particular can regulate, direct, and coerce nonprofits, for example, as funders of local organizations or by controlling the process through which a developer can obtain a building permit. As Jesse Lecy and David Van Slyke state, governments “often turned to nonprofit organizations as the street-level implementers” (2012:189–214) of policy in various human service domains. Nonprofits’ legal environments have changed over time, as have the policy choices behind which public funds flow into local and private coffers (Katz 1996; Zunz 2012; Levy 2017; Dunning 2018b). Harvey Molotch, William Freudenberg, and Krista Paulsen (2000) argue that cities persist to have different traditions, which are reflected in “connections between local organizations and community social patterns that are perpetuated over time” and reflect the historical and demographic context. For example, Robert Putnam (2000) found social engagement to be higher in the northern U.S.
states, where communitarian Scandinavian groups settled, than in the South. Wesley Longhofer, Giacomo Negro, and Peter W. Roberts (2018) show that the effectiveness of local civic action—measured as the returns of local campaigns of the UNICEF trick-or-treat program—also depends on the demographic context. According to the study, counties with higher income inequality and greater racial diversity saw more effective mobilizing.

_Cultural norms of giving differ from city to city._ Networks of organizations within cities and regions can be vital for how nonprofits mobilize resources and collaborate with others. Joseph Galaskiewicz (1985, 1997; Galaskiewicz and Wasserman 1989), with his studies of the social system of philanthropy and corporations in Minnesota’s Twin Cities, pioneered this insight on the link between a CEO’s embeddedness in local social networks and corporate giving. Doug Guthrie and Michael McQuarrie have since built on this with their multiplicity analysis of the Low-Income Housing Tax Credit, adding that the institutional environment shaped not only how much corporations gave but where and to what causes (2008). For another instance, Michael Lounsbury (2007) describes how mutual associations were structured differently depending on whether they were embedded in the local culture of Boston or New York.

_Need for and funding of nonprofit services vary by region._ Wolfgang Bielefeld (2000) finds that cities in regions with a strong belief in state intervention have larger nonprofit sectors than those whose emphasis lies on the market or individuals. He also shows that wealthier cities are characterized by more generosity, with support for education and arts organizations more frequent. Demand and supply have complex meanings for nonprofit organizations. In a study of organizational practices among nonprofits in the San Francisco Bay Area, Aaron Horvath, Christof Brandtner, and Walter W. Powell (2018) find that certain mind-sets among nonprofit staff—such as strategic outlook and poverty orientation—are related to how organizations perceived and responded to rising demand for their services during the Great Recession. Similarly, András Tilcsik and Christopher Marquis (2013) show that multinational corporations, in the aftermath of small disasters and during mega-events such as the Super Bowl, contribute more financially to the communities in which they are headquartered. The hypothesized effect is that corporations are more likely to interact with nonprofits during such times of heightened attention on the community, for instance through shared board membership (Marquis, Davis, and Glynn 2013).

_Competitors and peers are frequently local._ The local unit of analysis is often invoked to test models of competition in economic geography and organizational ecology (Marquis and Battilana 2009). For instance, Glenn R. Carroll (1985) studied newspaper competition in U.S. cities to understand the effect of niche width on organizational survival. A study of competition for resources between voluntary organizations in Arkansas inspired much of this work on niches (McPherson 1983). In the nonprofit context, Floris Vermeulen, Debra C. Minkoff, and Tom van der Meer (2016) have investigated how competitive dynamics on the neighborhood level influence the survival of immigrant community organizations. As these cases illustrate, nonprofits compete for resources and influence, which shapes local variation in structures and strategies.
Nonprofit practices are inspired by the practices of their peers. In discussion of community influences on corporate social responsibility, Christopher Marquis, Mary Ann Glynn, and Gerald F. Davis (2007) show that social action of local corporations within regions is relatively homogeneous: the authors report “the average [KLD rating of social responsibility] across the top ten MSAs [metropolitan statistical areas] to be nine times greater than the average of the bottom ten MSAs.” In other contexts, geographic spillovers between proximate organizations matter for influencing organizational decision making and the adoption of practices through various mechanisms, including diffusion (Strang and Soule 1998; Czarniawska 2002), migration of skilled workers (Saxenian 1994; Fleming, King, and Juda 2007), and interorganizational collaboration (Whittington, Owen-Smith, and Powell 2009). Although empirical research applying these ideas to the nonprofit sector is scarce, spillover effects resulting from propinquity are likely the same for the adoption of nonprofit practices, such as impact investing or strategic planning, board governance, and staff professionalization.

Scholars of the city and organizations have shown how a range of local influences shaped the behavior of nonprofits over time and place. The causal emphasis lies on how communities alter organizations individually and collectively. Some of these influences are shared among cities and reflect characteristics of cities by nature of their being urban, while others are amplified or muted based on local circumstances. This literature suggests ways that two American cities, Detroit and New York, and their respective nonprofit sectors are both alike and dissimilar, as well as the ways that large and global cities, New York and London, and their respective sectors of nonprofit organizations are both alike and dissimilar. Specifying these influences, their emergence, and their interactions remains an exciting avenue for research. But it is one that prioritizes the understanding of organizational behavior and leaves unexplored how this behavior by individual organizations and their collectives shapes the development of the contexts.

How Nonprofits Shape Cities
The previous section considered how urban context shapes nonprofits. In this section, we explore the reciprocal question of how these organizations shape the places they inhabit. Doing so builds on the important insight from McQuarrie and Marwell that organizations are not empty vessels or mere products of their environments (2009). We add to this literature by emphasizing several causal pathways through which nonprofits shape cities via both direct activities and indirect effects.

We highlight five roles that nonprofits play in cities: (1) forges of civic capacity, (2) participants in urban governance, (3) conveners of economic networks, (4) anchors of belonging, and (5) builders of the physical environment. Table 11.1 summarizes these roles and mechanisms that are not unique, but still common, to nonprofits and then connects these mechanisms to a series of outcomes of interest to social scientists. This table can be read from left to right or from right to left depending on whether a scholarly question is about organizations (e.g., what impacts do community centers have on urban neighborhoods?) or about outcomes (e.g., what increases or decreases democratic participation in cities?). Scholars of different disciplines would likely root themselves in different cells in the table and then, we hope, draw new connections between their research and that of others.
### Table 11.1  Five roles of nonprofits in urban environments

<table>
<thead>
<tr>
<th>Role</th>
<th>Actors</th>
<th>Actions</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forges of civic capacity</td>
<td>CBOs, child care centers, community centers, schools, mutual funds, churches, tenant unions, YMCAs</td>
<td>Bridging and bonding, teaching, convening, mobilizing</td>
<td>Resilience, trust, delinquency, movements, resistance, social change, preservation</td>
</tr>
<tr>
<td>Participants of urban governance</td>
<td>Health centers, advocacy groups, schools, churches, CBOs, homeless shelters, block associations, professional intermediaries</td>
<td>Awareness building, providing, advocating, mobilizing, resisting, monitoring, disciplining</td>
<td>Democratic participation, exclusion, representation, (in-)equality of access to resources, policy reform, consolidation and concentration of power</td>
</tr>
<tr>
<td>Conveners of economic networks</td>
<td>Chambers of commerce, universities, booster clubs, hospitals, elite clubs, professional associations, foundations</td>
<td>Convening, providing, bridging, transposing, employing, allocating, promoting</td>
<td>Innovation, inertia, jobs, tax revenue, exemption, collaboration, competition, commercial development, marketization</td>
</tr>
<tr>
<td>Anchors of identity</td>
<td>Neighborhood groups, INGOs, museums, centers, churches, settlement houses, landmarks, ethnic associations</td>
<td>Branding, proselytizing, mapping, boundary-making, identity-shaping</td>
<td>Reputation, sense of belonging, nativism, boundaries, social control</td>
</tr>
<tr>
<td>Builders of physical environments</td>
<td>Universities, hospitals, CDCs, tenant unions, churches</td>
<td>Spending, planning, investing, resisting</td>
<td>Housing, segregation, commercial development, urban renewal, revitalization, gentrification and displacement</td>
</tr>
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### Forges of Civic Capacity

Sociologists have long used nonprofits as indicators of functional social networks and, by proxy, of social capital. Whether people know and trust each other, according to Putnam (2000), is a defining characteristic of local communities and how they are governed. Community and neighborhood organizations are not only a product of people joining together. They are also producers of it by offering opportunities for people to congregate and form social ties in spaces including public parks, libraries, squares, community organizations, and sidewalks (Klinenberg 2018). As Mario L. Small’s (2009) widely regarded ethnography of New York City child-care centers shows, the relationships that people from distinct backgrounds forge in waiting rooms are the very source of community social capital, which brings a sense of belonging to those who get to know others. Political scientists such as Putnam (2000) have argued that social capital within local communities is a key component of good governance—governments that take citizen participation and transparency seriously.

This ability of nonprofits to foster and create community has had lasting relevance for community-level outcomes in a variety of policy fields. One such outcome is resilience to changes in the natural environment. Eric Klinenberg studied several extreme weather
events and found that the social infrastructure—the degree to which people care for each other through community associations, meet in public libraries, and run into each other on sidewalks—is a crucial component of community resilience. In a notable study of the 1995 Chicago heat wave, Klinenberg (2002) found that neighborhoods with practically identical racial and socioeconomic populations had exorbitantly different death tolls. He explained this difference through analyses of organizations and social capital, finding that neighborhoods with more social infrastructure were more likely to protect the elderly from sitting home alone for several days in the extreme heat. Hayagreeva Rao and Henrich R. Greve (2018) make a similar case for community resilience during the Spanish flu and permafrost in Norwegian towns. Relatedly, Patrick Sharkey, Gerard Torrats-Espinosa, and Delaram Takyar (2017) find that the presence of nonprofits in a city leads to lower murder and crime rates because nonprofits facilitate “mobilization from within” communities.

Beyond the creation of trust, nonprofits are associated with the development of civic capacity more generally—social skills that allow recognizing problems and mobilizing and organizing to address these problems (Paxton 2002; Lee, McQuarrie, and Walker 2015). As neo-Tocquevillian scholars argue, nonprofits are schools of democracy by giving people opportunities to express their opinions and practice deliberation and have been shown to bolster civic and organizational skills (Verba, Schlozman, and Brady 1995; Fung 2003; McAdam et al. 2005). The pro-democracy protests in Hong Kong in 2014 serve as a good example for the transposition of organizational capacity from one domain to another. The effective mobilization and organization was a direct result of the vibrant but cooperative community life in local universities, including debate clubs, affinity groups, and student unions. These voluntary groups taught students to design posters, run meetings, and communicate demands that were critical skills in what came to be known as the Umbrella Revolution (Ortmann 2015).

The development of civic capacity and participation is important not only as a result of nonprofit activities in their own right, but because cities then bear the imprint of these past activities or choices. Sven Beckert, for example, links participation in elite social spaces of nonprofits including civic clubs, museums, and cultural institutions to the consolidation of political power among New York elites during the Gilded Age (2001), and Thomas Sugrue considers homeowners associations in Detroit as vehicles for the defense of whiteness and residential segregation (1996). Examples abound in work on the black freedom movement, particularly its manifestations in the urban north, where mobilization by grassroots nonprofit organizations led to more, though often incomplete, equality (Theoharis and Woodward 2003; Countryman 2007; Sugrue 2008). Beyond the social and political, the presence of nonprofit organizations and higher rates of social capital is associated with more business ventures, self-employment, and entrepreneurship (Kwon, Heflin, and Ruef 2013). These community-level effects carry through time, as research using Norwegian mutual organizations and cooperative stores demonstrates (Greve and Rao 2012), and can lead to legacies that shape economic institutions, such as how banking is organized, in the long run (Schneiberg, King, and Smith, 2008).

Participants in Urban Governance
Nonprofits participate in and shape the governance of cities (Marwell and Brown, Chapter 9, “Toward a Governance Framework for Government–Nonprofit Relations”). As part
of the formal and informal governing of cities, nonprofits distribute welfare goods and services and mediate between citizens and the state (Salamon 1995; Balogh 2015). According to survey data of U.S. municipal governments from 1992 to 2007 conducted by the International City/County Management Association (ICMA), municipalities consistently deliver a persistent share of their services in collaboration with or outsourced to nonprofit organizations (Brandtner and Suárez 2018). Nonprofits are responsible for homeless shelters in 53 percent of all U.S. municipalities, museums and art programs in 45 percent, and drug treatment in 33 percent. Scholars have profiled the government underwriting of almshouses in early nineteenth-century Baltimore (Rockman 2009), the provision of disaster relief in the interwar period (Clemens 2010), the support of community development under the 1960s-era War on Poverty (Orleck and Hazirjian 2011), the construction of affordable housing in the 1970s (Simon 2001; McQuarrie 2010), and the shift toward fee-for-service models in the 1980s (Smith and Lipsky 1993; Salamon 1995). These analyses highlight the complex and shifting public funding of privately provided safety net services, and how decisions by private providers steered which citizens, what services, and where they received aid. Nonprofits also compensate for the unevenness and discrimination of publicly funded services, often providing services in African American, Latinx, and other marginalized neighborhoods (Higginbotham 1993; Small 2004; S. Lee 2014; Goldstein 2017).

Not merely as the actors delivering services, nonprofits, particularly foundations, have been behind many of the changing patterns of service provision through policy change. In a prominent example, the Ford Foundation’s support of community action programs in the 1960s and community development in the 1970s underwrote entire networks of urban nonprofits. These demonstration projects and close relationships between foundation staff and policy makers led to federal policies that furthered such approaches to urban governance, development, and antipoverty programs (O’Connor 1996, 2001; Ferguson 2013; Dunning 2018b; McQuarrie 2010; Guthrie and McQuarrie 2008). More recently, funders interested in urban education have been increasingly using their resources to shape school policy at the local and state levels (Reckhow 2013; Tompkins-Stange 2016; Finger 2018).

Through bottom-up pressures of mobilizing, discerning, and representing the interests of various urban constituencies, nonprofits participate in governance and politics. (Indeed, that we can even talk of a nonprofit as having a “constituency” speaks to the governance roles that nonprofits inhabit.) Sociologists have shown nonprofits to function as new political machines (Marwell 2004, 2007; also Greenstone and Peterson 1973), as lobby groups (Berry and Arons 2003), and as “legitimate representatives of urban neighborhoods” (Levine 2016:1268). Much of the local activism of the black freedom movement—and of the current Black Lives Matter movement—operated through nonprofit organizations to reform local governance practices to desegregate public schools, increase democratic participation, and reduce police violence, among other goals (Theoharis and Woodward 2005; Sugrue 2008). More broadly, Robert Sampson and his colleagues (2005) analyzed data on four thousand public events in Chicago over a forty-year period and attributed displays of civic action to the density of organizations.

Conveners of Economic Networks
Networks play a critical role in structuring the economy and determining flows of resources, ideas, and people between firms (Saxenian 1994; Pflieger and Rozenblat 2010;
Padgett and Powell 2012). Nonprofits have been shown to be brokers of otherwise disconnected parts of these networks (Powell, Koput, and Smith-Doerr 1996; Safford 2009). By forging ties between organizations, they facilitate coordination and innovation through convention and brokerage (Padgett and Powell 2012).

Nonprofits’ role in structuring interactions within regions has consequences for development in the civic and economic spheres. In a comparative study on the Rise and Fall of Urban Economies, Michael Storper, Thomas Kemeny, Naji Makarem, and Taner Osman (2015) show that the differential development of San Francisco and Los Angeles was intricately tied to the vibrancy of activism, foundations, and community collaboration. The economic geographers start their inquiry with the working hypothesis that “hard” geographic factors must explain why these two cities, which were on a similar economic trajectory in the 1970s, have come to differ so fundamentally by the twenty-first century. Surely, factor costs, industry differences, or the development of technology must explain why 2010 San Francisco wages were a solid third higher than those of Los Angeles. However, the authors find that integrated networks of technologists and dreamers explain the relative rise of the Bay Area to a thriving magnet of innovation and invention. Storper and colleagues particularly credit one business association of local CEOs, the Bay Area Council, which brought together leaders invested in the future of the city region and facilitated conversations about how to become a technology- and skill-based economy. Asking similar questions about regional economic change, historians Margaret P. O’Mara (2005) and Lily Geismer (2015) also point to local booster organizations as promoting the political-economic policies that encouraged the development of the tech industry.

This account mirrors Sean Safford’s (2009) findings about the revitalization of two Rust Belt cities: Allentown, Pennsylvania, and Youngstown, Ohio. In Youngstown, the Garden Club was an elite club that brought together members of a select few families; in Allentown, local civic organizations such as the Boy Scouts convened a diverse group of people. The Lehigh Valley Partnership, which emerged from the Boy Scouts, provided opportunities for cross-cutting ties between different social groups and thus fulfilled a similar function in Allentown as the Bay Area Council for Storper. In short, “the realignment of organizational relationships in Allentown has brought different kinds of actors—actors who would not necessarily have been in contact—into a meaningful dialogue, which has in many ways shaped organizational strategies” (Safford 2009:130). The absence of such engagement, Safford argues further, “has led the disintegration of Youngstown’s social fabric” (2009:149). These examples show that through their position in networks, nonprofits can have important effects on regional economic development beyond their role as employers (Dunning 2018a) and anchor tenants (Padgett and Powell 2012). Such convening also takes place in many areas of collective action outside economic production, such as neighborhood development (Douglas 2018).

That nonprofits frequently serve as convening bodies that bring together like-minded individuals can have problematic implications for who holds power in a city (Hunter 1953; Domhoff 2014). The activities that might encourage a particular kind of economic development also support the creation of elite networks that can tie firms together (Marquis, Davis, and Glynn 2013). For instance, the presence of upper-class clubs leads to greater...
local interlocks between corporate boards, which has important implications for firm behavior and economic production (Mizruchi 1996; Strang and Soule 1998).

Anchors of Identity
Through their physical presence and their activities, nonprofits anchor identities of urban neighborhoods and the city as a whole. This sense of belonging to a neighborhood or barrio can lead to inclusion as well as exclusion (Sampson 2012). In the late nineteenth century, settlement houses served as physical spaces that also shaped the reputations and knowledge of neighborhoods in the city. In Chicago, Jane Addams launched ethnographic and social scientific research programs from her famed Hull House to map the social and physical geography of the city that have since supported foundational theories about cities and their residents (1895). Settlement women like Addams altered neighborhood boundaries and public and private space by working in, through, and around settlement houses (Deutsch 2000). In the twentieth century, block clubs and homeowners associations have similarly been vehicles for residents to define their urban space in ways that have produced material gain, excluded based on race or income, created social or political capital, and restructured public transportation (Seligman 2016; Osman 2011; Sugrue 1996; Crockett 2018). Service-provider nonprofits develop and retain territorial attachment to their neighborhoods (Gibbons 2014), as do religious organizations through the invisible geographies of parish boundaries (Gamm 1999) or the creation of a "religious district" (McRoberts 2003). Immigrant and migrant organizations reflect and helped develop ethnic and racial identities for urban neighborhoods in ways that have created community and shaped segregated housing patterns. Nonprofits not only create neighborhood boundaries; they also work to interrupt and reshape them, for instance through working with gang-involved youth to reduce "turf wars" in American cities (Braga, Hureau, and Winship 2008; Vargas 2016). These neighborhood identities serve visitors to cities too, through the creation and branding of "arts districts" or "museum districts" or "innovation districts," which are often anchored by prominent nonprofit institutions (Jones et al. 2016).

If drawing people together in shared identity is a key feature of nonprofit activities, so too is reinforcing separation between different ethnic and social groups. The composition of many membership and voluntary organizations is highly homogeneous, because of homophily or because organizations are explicitly identity-based (McPherson, Smith-Lovin, and Cook 2001). In some cases, to be sure, homogeneous associations can lead to diversity as well. Matthew Baggetta finds in a study of community choirs in Boston that members live in different neighborhoods, and this diversity in provenance "opens opportunities for members to act as representatives of diverse neighborhoods creating representative bridging ties between groups" (2016:72S). He argues that "the representative bridging mechanism assumes that people in associations talk about their home neighborhoods, 'vouching' for the area and the people who live in it in a way that reduces fears and improves trust."

The urban identities that nonprofits shape also create worldwide linkages between places that exceed the geographic boundaries of neighborhoods or cities. Sharkey and his colleagues (2017:1218) note that nonprofits tap "extra-local networks," which "connect communities to external sources of influence, resources, and political power, all of which
strengthen the capacity to achieve common goals and values” (see also Sampson 2012; Vargas 2016). This is true of economic and professional networks that span locales (Boli and Thomas 1997; Sassen 2012; Brandtner 2019). Although many nonprofits are global organizations, they are based locally, and cities around the world are centrally shaped by the presence of nonprofits, constituting them as “global cities” (Sassen 2012; Zukin 2010). Migrant cities are global cities thanks to the influx of people and capital, which have obvious consequences for the founding of certain types of nonprofits. Consider the presence of ethnic and immigration organizations with transnational ties that are the product of globalization and facilitators of it. Networks of global and transnational organizations with headquarters in major cities—such as New York, London, Hong Kong, and Washington, D.C.—reflect the size and weight of the cities in which they are based, further enhance the reputation of their hosts, and attract residents and investment as a result. Even as the activities of many nonprofits promote an identity of global cities, such identity actually masks the local consequences for the places in which organizations are headquartered.

Builders of the Physical Environment
Regardless of the activities they pursue, many nonprofits shape the city by their physical presence as renters of storefronts and office space, and as owners of parks and property. At the same time, they often do not pay taxes on the real estate they occupy and thereby influence the tax revenues of municipalities. In Boston, for example, more than 50 percent of the land is exempt from taxation, but the city relies on property taxes for over two thirds of its revenue (Rackow 2013). These pressures lead to innovations such as voluntary payments in lieu of taxes and policy-based responses to fill municipal coffers.

Nonprofits have also taken active roles in altering the physical infrastructure and layout of cities, both in what they have constructed and in what they have prevented. This was especially true during urban renewal when nonprofits variously participated in, resisted, and benefited from urban renewal. Urban sociologists John Logan and Harvey Molotch identify large nonprofits as “auxiliary players” in their concept of the growth machine but still concede that through construction or support of renewal policies, cultural and educational anchor institutions have been productive development tools (Logan and Molotch 1987:75; Molotch 1976). This argument is supported more recently by examples of the University of Pennsylvania’s West Philadelphia Initiatives or Harvard University’s expansion into Allston-Brighton, which have produced praise and protest from stakeholders. Nonprofit organizations have similarly shaped the urban built environment by resisting government-planned renewal programs and amplifying the voices of concerned residents (Keyes 1969; Mollenkopf 1983; Hock 2013; Crockett 2018). A significant outcome of those protests was the extent to which grassroots nonprofits won development rights or contracts from the city and took on the tasks of redeveloping their neighborhood housing and commercial spaces themselves in processes that were more participatory and lessened displacement of residents. Scholars have linked these community development initiatives to histories of black power and civil rights, demonstrating how nonprofit community development corporations (CDCs) translated political ideologies into the physical infrastructure of cities (Woodsworth 2016; Rabig 2016; Goldstein 2017). Similarly, Small’s
account of the Villa Victoria community in Boston connects the Puerto Rican heritage of the nonprofit’s leaders to the adoption of Spanish-style architecture and formation of community identity (Small 2004). The outcomes of all of this redevelopment included more affordable housing (McQuarrie 2010), gentrification (Pattillo 2007; Zukin 2010; Arena 2012), and new public transportation (Levine 2017).

In sum, nonprofits fill a variety of roles in the urban drama. To be sure, the degree to which these roles are realized likely differs from city to city. We are not inclined to create a taxonomy of cities describing different classes of cities. More importantly, conceiving of nonprofits as an urban infrastructure highlights that they are rooted in place and shaped by interactions in their dense surroundings. But as McQuarrie and Marwell (2009) stress, organizations are not just derivatives of market, state, and community. The five roles show how nonprofits can be productive of cityscapes as well, as Figure 11.4 illustrates. In the following section, we discuss the theoretical and research implications of this view.

Urban Infrastructure as Analytical Framework

In detailing the physical and social roles of sidewalks in cities, Jane Jacobs (1992:29) observed that “streets serve other purposes besides carrying wheeled traffic in their middles.” Our analysis shows that nonprofits—both individually and as a sector—play a similar multitude of roles. As we stated in our structural definition on the city, nonprofits are a constitutive element of many cities in the way that streets make cities through a multitude of uses. The empirical studies of nonprofits and cities cited earlier have established ways in which cities shape nonprofits and the ways in which nonprofits shape cities. We bring those two sides of the literature together and offer a new framework that recognizes the diverse, multi-directional ways in which cities and the nonprofits that inhabit them relate: nonprofits are an urban infrastructure that undergirds the structure of the city.
framework draws metaphorically on both the hard, physical aspects and the soft, cultural aspects of what traditional infrastructure entities like streets, sidewalks, and sewer systems do for cities. What does this metaphor afford us?

First, there is a permanency to infrastructure that is similar to how nonprofits operate in cities, such that choices made in the past about where to site parks or build museums carry forward through time. Once streets are built or nonprofits founded, it is hard, though not impossible, to undo those past choices. We know, for example, that nonprofits rarely “die” or are removed from the Internal Revenue Service (IRS) listings and instead just stop operations, sometimes episodically. Similarly, a city’s civic life leaves a lasting imprint that sets the stage for future performances.

Second, like streets, nonprofits have impact as individual entities and as a system; they are things unto themselves and conduits. Infrastructure of any kind is a networked system connecting and moving people, resources, ideas, and activities. Decisions about infrastructure mimic those in the nonprofit sector; questions about who gets served and how, who can and who does participate in decision making, and how financial considerations steer planning and outcomes are central to how streets and nonprofits are built and maintained. Infrastructure includes and draws people and places into the city network and excludes certain people and places. Neither infrastructure of streets nor of nonprofits are in themselves inherently good or bad, but are, in essence, constitutive of city life.

Consequently, as an infrastructure, nonprofits permanently shape the face of today’s cities. As Jacobs writes, “if a city’s streets look interesting, the city looks interesting; if they look dull, the city looks dull” (Jacobs 1992:29). Even, though a city could exist without streets just as a city could exist without nonprofits, it would look fundamentally different. Infrastructure can be efficient or inefficient in design and function, and can produce a range of positive and adverse effects. As is true of roads and bridges, nonprofits are not unique to cities but, we argue, have amplified direct and indirect effects in cities. Infrastructure, whether of transportation or nonprofits, enable cities to function.

We discussed earlier several—though by no means all—of the roles that nonprofits play in cities and the mechanisms by which they shape the urban environment. Outlining those roles and the literatures on which they draw is, we hope, a contribution of this chapter. At the same time, we want to move beyond any individual role or outcome, row or column in Table 11.1, to consider the table as a whole, as is encapsulated by our concept of nonprofits as urban infrastructure. The mechanisms are linked, overlapping, and simultaneous; a community development corporation may produce housing as a physical alteration to a neighborhood, but that same organization will also have a social impact through the forging of new social ties between neighbors, an economic impact through construction expenditures and the collection of rents, a political impact through the acceptance of public tax credits, and a cultural one through the identification of a neighborhood as undergoing redevelopment or as a low-income community. Through any single activity, a nonprofit plays multiple roles in a city, just as any single street or sidewalk is playing multiple roles, any of which may be deliberate or inadvertent, direct or indirect.

**Future Research on Nonprofits as Infrastructure**

The infrastructure view on nonprofits emphasizes both the individual organizations and the networks they collectively make. Research could, of course, add more precision to the
multitude of roles nonprofits play in cities. Our delineation of five roles earlier reflects what research has considered thus far, but observationally we know that nonprofits do more. Much historical and contemporary work remains to be done, for example, on nonprofit organizations—universities and hospitals in particular—and the rise of the urban service economy. Nonprofits also play a central role in knowledge production through the funding and conducting of research, publishing reports, and organizing convenings to promote findings (see, e.g., Arum and Kepins, Chapter 18, “Education and the Nonprofit Sector,” on the roles of universities). Finally, the effects of nonprofits on land value, the sustainability of voluntary action given the skyrocketing real estate prices in many urban centers, and the physical movement of clients between nonprofits are hitherto under-explored (Gans 2002).

This chapter has emphasized indirect local effects of nonprofits. We contend that an overemphasis on direct channels of influence through governance, advocacy, and service provision—while important—risks ignoring the overwhelming importance of indirect channels. The contributions of nonprofits to processes like privatization, gentrification, professionalization, polarization, economic stratification, and racial segregation remain pressing matters for scholarly inquiry. The same is true of geographic variation in recent nonprofit sector trends toward hybrid corporate forms and social enterprise, and the adoption of market solutions to substitute, rather than complement, public services (Mair, Chapter 14, “Social Entrepreneurship”). The ledger on any change is always more complicated than is expected and may look different in the short and long runs. A broader, and therefore stronger, assessment of the myriad roles nonprofits perform as part of the urban infrastructure would move us closer to understanding how nonprofits encourage and/or inhibit healthy, resilient, vital communities.

The fundamental insight of previous research is that the absence of a vivid civil society is associated with a lack of amenities and civic capacity. The causal pathways suggest that, net total and all things constant, cities with livelier nonprofit sectors are expected to see positive effects on their vitality and resilience, net of the economic, demographic, and political conditions that give rise to a thriving nonprofit sector in the first place. Most of the evidence in this chapter stems from places with rich civic lives. (And, relatedly, often in the backyards of places with resource-rich universities). But while the United States as a whole boasts a large and growing nonprofit sector (Hall 2006), many areas in the country are starved for civil society, as Figure 11.1 suggests. Understanding civic deserts, analogously to food deserts, would be an important venue for research. From a policy standpoint, adding an additional nonprofit in a thriving—and possibly even saturated—neighborhood is quite different from founding the first community organization in a previously underserved area. This is particularly true for organizations serving marginalized communities (Bloemraad, Gleeson, and de Graauw, Chapter 12, “Immigrant Organizations”). Part of this inquiry might be about rural nonprofit infrastructure, which we imagine looks similar in some ways to that of urban centers but dissimilar in critical ways.

For social scientists, the concept of nonprofits as urban infrastructure undoubtedly raises questions about the conditions under which nonprofits let the urban drama flourish, or harm and hold back cities and their residents. It is, for instance, reasonable to assume that several city-level conditions moderate the relationship between nonprofits and their environment. In particular, our review suggests that the regime type or governance regime—the degree to which the urban political environment is historically open to the
participation of nonprofits—makes a difference. This insight from political sociology is corroborated by network analyses of the biotechnology sector, which has suggested that the role of organizations as generative anchor tenants is in tension with the presence of an “eight hundred-pound gorilla,” a large and self-interested organization that dominates the organizational landscape (Padgett and Powell, 2012, Ch. 14).

Although the prospect is tempting, we are nonetheless critical of proposing general conditions under which the entire nonprofit sector influences a city. This is because of the multiple roles we discussed and because of the complexity of “urban vitality” as an outcome. Moreover, simply because a sector or city is doing well, not all people will reap those benefits. On the contrary, the literature repeatedly notes ways in which nonprofit activities improve life for only some and have at times done so at costs to others. The resilience or vitality of a sector or city is linked to measures of equality, equity, and justice but not synonymous with them. Our chapter reveals several basic organizational properties that may curb some of the mechanisms we have discussed. Certain types of nonprofits likely have different positive or negative effects on their environments that depend on the scope of their activities. Clearly, not all nonprofits stimulate their urban environment. Under what condition would we expect a nonprofit not to affect its environment in desirable ways?

We argue that a critical organizational-level factor that affects the viability of the roles discussed earlier is community embeddedness. By community embeddedness we mean nonprofits’ integration with the local community through face-to-face interaction, the convening of events, and the sharing of information and skills. These activities differ from organization to organization. The growing professionalism of the sector, which has brought an expansion of efforts to scale, migrated services online, and offered intermediary rather than direct services, may be a limiting factor to such embedded activities. Even though professional organizations can have sophisticated programs for outreach and constituent participation, there are likely trade-offs between how process- or impact-oriented a nonprofit is, similar to those between instrumental and expressive orientations of nonprofits (see Powell, Chapter 1, “What Is the Nonprofit Sector?”).

Much research assumes that nonprofits are aligned either with their constituents or with their funders and professional audiences. We want to suggest that there is a division of labor between nonprofits of different degrees of professionalism, and that an imbalance to one or the other can mitigate collective impact. To give a simple example, if all soup kitchens become highly professionalized intermediaries between food banks and volunteers who distribute meals, these soup kitchens cease to interact with their ultimate beneficiaries.7 Besides the level of paid and credentialed professionals employed by organizations, the presence, representativeness, and type of members can also influence community embeddedness. A certain level of connectedness of the members of an organization is critical to mechanisms such as brokerage. Also, the ability to bridge diverse groups typically requires heterogeneous membership. A nonprofit sector devoid of members and rich in clients is naturally less inclined to bring together people and organizations.

Nonprofits’ integration with the local community also has an economic dimension. We have highlighted that some nonprofits, because of their tax exemption, can have adverse economic effects if they overwhelm a community in numbers. Specifically, if nonprofits do not voluntarily pay taxes and do not employ locals, they may not contribute to the
economy at all and instead crowd out taxpaying businesses. Finally, a collaborative relationship with other organizations is a logical condition for many of the positive network externalities that we hypothesized earlier. But the degree to which being integrated with other organizations is beneficial has limits. Dependence on a single institution or funder may lead to cooperation or commercialization, which can inhibit the organization’s ability to pursue an independent mission.

These propositions of organizational- and city-level moderators of the effect of local nonprofit sectors are, in specific contexts, empirically testable. To this end, future research on nonprofit infrastructure will need to bridge quantitative and case-based studies that have tended to dominate the nonprofit and urban literature. To date, measures of nonprofit counts and densities have been the primary metrics for empirical analyses of the extent and efficacy of nonprofit activities. This approach has enabled scholars to capture en masse aspects of a large sector and overcomes the mental and financial limitations of doing work across hundreds of cities. These measures, however, are a blunt instrument and derive from either self-reported data on nonprofits registered with the IRS or, in the social capital literature, business establishments that provide amenities and opportunities to meet in local communities such as bowling alleys.

For pragmatic reasons, scholars often arbitrarily limit data sets to 501(c)(3) nonprofits, those with a high enough revenue to file Form 990s, or subsector categories such as human service organizations, but the theoretical basis of such a decision is thin. As Kirsten A. Grønbjerg and Laurie Paarlberg (2001) show, the overlap of density measures based on different data sources is not robust. Nor should the utility of density measures prevent progress on alternate measures that might capture the practices, orientations, and relations of nonprofit organizations in cities. Quantitative measures of efficacy—for instance, on collective impact and the ability to instill civic capacity in the community—pose a particular challenge. The same is true for measures of social movements, informal neighborhood groups, and social enterprises that neither are registered as nonprofits (because they are too small, temporary, or hybrid) nor partake in newsworthy events. Finally, nonprofits have been growing in number linearly for the past couple of decades. As they fulfill redundant tasks and competition for funding and attention becomes tighter, nonlinear effects of nonprofit density on community outcomes may become more salient.

City-level outcomes are difficult to attribute to the presence of nonprofits or any other influence without the specter of endogeneity. Stronger attempts at causal inference such as those advanced by Sharkey and his colleagues (2017) are a way forward. At the same time, it is virtually impossible to specify mechanisms without studying what nonprofits do in places with comparable nonprofit density. We know too little about how tactics, tools, and talent differ by region, or about how organizations differ in their receptivity to local politics, historical contexts, and funding environments. Such research could help us recognize how systems of federalism and capitalism create significant variations within and between neighborhoods, cities, and regions, and within and between states and nations. The regional variation of organizational toolkits and mind-sets has implications for promising research designs going forward.

At the other end of the literature, case studies of urban nonprofits capture the complex and dynamic ways in which cities shape and are shaped by nonprofits. Neighborhood or community studies of a single city such as those by Herbert J. Gans and Robert Sampson...
and those by Jeremy R. Levine, Nicole P. Marwell, Mario L. Small, and Brian D. Goldstein have been a cornerstone of both urban sociology and urban history; this has been particularly true of research on poverty, race, and inequality. Yet only comparative research—or comparative conversations or publications—can map differences and similarities across cities. Broadly, cities share challenges and the dynamics of material constraints. Intricate studies of nonprofit organizations in city regions such as Boston (MacIndoe and Barman 2013) or San Francisco (Hwang and Powell 2009) are a possible avenue but have yet to be expanded to a comparative framework. Comparative studies of nonprofit practices are needed in non-U.S. contexts, and comparing U.S. and non-U.S. cities. On several measures, New York City might share more with global cities such as London, Tel Aviv, and Hong Kong than with Flint and Tallahassee. Framing questions of scale and geography in a comparative lens will also help clarify how much of the nonprofit infrastructure reflects the peculiarities of a city, rather than the ways that both cities and nonprofits are situated in space and time.

Conclusion

Given that nonprofits so strongly reflect and shape the regions in which they are embedded, it is striking that there is no subfield of metropolitan studies within nonprofit research or a section of urban studies dedicated to civil society. Although this chapter alone cannot remedy the lack of such a research program, we have followed in the footsteps of many scholars who have answered questions and pursued research designs that would fall into these domains. Those already engaged in this research might benefit from recognizing the inquiries, conversations, and findings about urban nonprofits in other disciplines. Inter- and cross-disciplinary work can be challenging, but a common interest in cities and nonprofits may unlock the potential rewards of lowering disciplinary walls.

In our survey of the nonprofit and urban literatures, we find that nonprofits play an important role in five interrelated, and sometimes overlapping, domains. As network conveners, they bear on the distribution of economic resources and information by bridging disparate domains. As participants in urban governance, they partake in service delivery, representation of communities, and advocacy of causes. As forges of civic capacity, they generate opportunities for the creation of civic skills, as well as opportunities for mobilization, bridging, and bonding. As anchors of identity, they define local identities and afford global connectedness. And as builders of the physical environment, they provide concrete substance to the shape of the city. Through these roles—and perhaps others—we frame nonprofits and cities as mutually constitutive, as evolving together over time, and as composing a kind of urban infrastructure.

The material in this chapter is empirical, but we are also motivated by normative concerns for the challenges facing the globe and a recognition that cities often contain both extreme versions of those challenges and the resources for their remedy. Nonprofits may be chief among those urban resources by nature of their political, social, and economic capital but may also themselves be part of the problems. We know far too little about how, precisely, nonprofits as individual organizations, subsectors, and a sector as a whole either reduce or reproduce our greatest challenges and how they contribute to or undermine solutions, often in unintended or unrecognized ways. We make no claims about whether
nonprofits as urban infrastructure are on balance positive or negative, and we find evidence in the literature that supports both directions. As a result, we urge both nonprofit and urban scholars to better understand the dynamic relationships between the nonprofit sector and the urban. Though intellectually compelling, these research questions are ultimately in service of a need among practitioners and leaders in government, nonprofits, and business to better understand the roles nonprofits play, the networks in which they operate, and the larger-scale direct and indirect consequences of their actions. As cities continue to be places of resources and need, and of capacity and precarity, recognizing which actors can and should fill the leading roles becomes all the more complicated, challenging, and critical.


Chapter 11. Nonprofits as Urban Infrastructure


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Chapter 12. Immigrant Organizations: Civic (In)equality and Civic (In)visibility


