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Nonprofit Organizations Becoming Business-Like: A Systematic Review

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Abstract

By now, the becoming business-like of nonprofit organizations (NPOs) is a well-established global phenomenon that has received ever-growing attention from management and organization studies. However, the field remains hard to grasp in its entirety, as researchers use a multitude of similar, yet distinct, key concepts. The considerable range and complexity of these overlapping notions create major challenges: Scholars struggle to position their work in a larger context; it is not easy to build on previous findings and methodological developments; and research gaps are difficult to identify. The present article presents the first systematic literature review to confront those challenges by reviewing 599 relevant sources. In a first step, various key concepts are clarified. Second, the field is mapped according to three research foci: causes of NPOs becoming business-like, organizational structures and processes of becoming business-like, and effects of becoming business-like. From this, we draw conclusions and make suggestions for further research.

Keywords

becoming business-like, managerialism, commercialization, professionalization, hybrid organizations, social entrepreneurship

Introduction

Since the 1980s, nonprofit organizations (NPOs) have undergone remarkable changes that have made them more similar to for-profit enterprises. Scholarly attitudes toward

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these changes diverge: On one hand, management and organization studies play a decisive role in promoting the adoption of business-like approaches. On the other hand, researchers criticize mission drift and loss of idealism. Literature on this topic is fragmented, because research is conducted under a multitude of similar, yet distinct, concepts (e.g., commercialization, managerialization, professionalization). The range and complexity of these concurrent notions make it challenging for scholars to position their work in a larger context, to build on previous findings, and to identify research gaps. Yet, to thoroughly understand the use of business-like means for nonprofit ends has perhaps never been more important than it is today. Now that confidence in governments and markets has been shaken, opinion leaders from across the political spectrum propagate private initiatives for the public good. We should therefore understand what organizational forms are feasible and appropriate for this aim. The crucial question whether NPOs should, and indeed can, use business-like approaches to better serve the public good lies at the heart of nonprofit management studies.

With our systematic literature review, we aim to build a basis for further work on this question. We begin by outlining the methodology used. We then clarify key concepts found in the literature. After that we map the state of the field—investigating causes, processes, structures, and effects of NPOs becoming business-like. We close by outlining challenges for future research.

Method

As opposed to traditional reviews, a systematic review is characterized by a replicable process. It minimizes bias through an audit trail of reviewer decisions (Tranfield, Denyer, & Smart, 2003). Our review included three major phases (see Table 1).

First, we defined the scope by specifying initial search terms. As suggested by Tranfield et al. (2003), terms were obtained via a scoping study of the literature and discussions within the review team. We searched in ProQuest, EBSCO, and our private databases for studies on NPOs becoming business-like. From this list, we selected 15 exemplary studies (see Table 2) from which we extracted all terms that refer to the adoption of business-like practices and ideas in NPOs. We then discussed which terms were appropriate for focusing the review, and thus obtained an initial set of topic-related search terms (Table 3). Moreover, we defined sector-related search terms to limit the focus to NPOs (Table 4).

In the second phase, we used those search terms to sift out potentially relevant literature from journals and databases, as specified in Table 5. This resulted in 2,401 articles, not all of which were relevant. We therefore applied four criteria to select relevant articles:

1. Sources must be on NPOs becoming business-like.
2. Sources must be from the social sciences, written in English, and include authors' names.

Table 1. Process of the Systematic Literature Review.

Phase	Step	Purpose	Techniques	Result
1. Scoping study[a]	Define initial scope	Specify initial search terms	Close reading of 15 exemplary studies on NPOs becoming business-like	Initial topic-related and sector-related search terms
2. First iteration[b]	Identify potentially relevant literature	Generate a pool of potentially relevant literature	Automated search in databases and NPO journals on the basis of initial search terms	2,401 potentially relevant publications
	Select relevant literature	Identify relevant literature	Refinement of criteria for the selection of relevant publications; application of those selection criteria	Criteria for the selection of relevant publications; 383 relevant publications
	Backward and forward snowballing	Identify relevant literature	Snowballing from reference lists; search scholar. google for publications citing a given article	59 additional relevant publications
	Extract and analyze data	Identify relevant information from the literature	Set up a quantitative data file with key data and codings of all relevant publications as well as a qualitative data file with full texts and codings of selected relevant publications	Each publication analyzed according to key concepts, theories, methods, and type of research question; refined topic-related search terms
3. Second iteration[c]	Identify further potentially relevant literature	Extend pool of potentially relevant literature	Automated search in databases and NPO journals on the basis of refined search terms	853 additional potentially relevant publications
	Select further relevant literature	Identify relevant literature	Application selection criteria	155 additional relevant publications
	Backward and forward snowballing	Identify relevant literature	Snowballing from reference lists; search scholar. google for publications citing a given article	2 additional relevant publications
	Extract and analyze data	Identify relevant information from the literature	Extend quantitative and qualitative data files	Each publication analyzed according to key concepts, theories, methods, and type of research question

[a]Conducted in May 2011.
[b]Conducted between July 2013 and January 2014.
[c]Conducted in July 2014. We thank an anonymous reviewer for suggesting this second iteration.

3. Sources must have a non-normative, balanced, or critical stance. Articles that only provide theoretical or anecdotal arguments in favor of adopting business-like methods, without empirical evidence, are excluded.
4. Articles on social entrepreneurship and social enterprise are included only if they deal with those phenomena as examples of NPOs becoming business-like.

Table 2. Scoping Sources for Identifying Search Terms (in Chronological Order).

Bush, R. (1992). Survival of the nonprofit spirit in a for-profit world. *Nonprofit and Voluntary Sector Quarterly, 21*, 391-410.
Hammack, D. C., & Young, D. R. (1993). *Nonprofit organizations in a market economy: Understanding new roles, issues, and trends*. San Francisco, CA: Jossey-Bass.
Alexander, J. A., & Weiner, B. J. (1998). The adoption of the corporate governance model by nonprofit organizations. *Nonprofit Management & Leadership, 8*, 223-242.
Weisbrod, B. A. (Ed.). (1998). *To profit or not to profit. The commercial transformation of the nonprofit sector*. Cambridge, UK: Cambridge University Press.
Backman, E. V., & Smith, S. R. (2000). Healthy organizations, unhealthy communities? *Nonprofit Management & Leadership, 10*, 355-373.
Dart, R. (2004). Being "business-like" in a nonprofit organization: A grounded and inductive typology. *Nonprofit and Voluntary Sector Quarterly, 33*, 290-310.
Dart, R. (2004). The legitimacy of social enterprise. *Nonprofit Management & Leadership, 14*, 411-424.
Eikenberry, A. M., & Kluver Drapal, J. (2004). The marketization of the nonprofit sector: Civil society at risk? *Public Administration Review, 64*, 132-140.
Bode, I. (2006). Disorganized welfare mixes: Voluntary agencies and new governance regimes in Western Europe. *Journal of European Social Policy, 16*, 346-359.
Eikenberry, A. M. (2009). Refusing the market: A democratic discourse for voluntary and nonprofit organizations. *Nonprofit and Voluntary Sector Quarterly, 38*, 582-596.
Hwang, H., & Powell, W. W. (2009). The rationalization of charity: The influences of professionalism in the nonprofit sector. *Administrative Science Quarterly, 54*, 268-298.
Shaw, S., & Allen, J. B. (2009). "To be a business and to keep our humanity": A critical management studies analysis of the relationship between a funder and nonprofit community organizations. *Nonprofit Management & Leadership, 20*, 83-96.
Baines, D. (2010). Neoliberal restructuring, activism/participation, and social unionism in the nonprofit social services. *Nonprofit and Voluntary Sector Quarterly, 39*, 10-28.
Suarez, D. F. (2010). Street credentials and management backgrounds: Careers of nonprofit executives in an evolving sector. *Nonprofit and Voluntary Sector Quarterly, 39*, 696-716.
Kreutzer, K., & Jäger, U. (2011). Volunteering versus managerialism: Conflict over organizational identity in voluntary associations. *Nonprofit and Voluntary Sector Quarterly, 40*, 634-661.

Consequently, 2,018 articles were excluded. To counteract biases (Tranfield et al., 2003), selection was undertaken jointly by all authors. After a core body of relevant articles had been identified, a backward and forward snowballing method was applied. A database was set up where each relevant source was coded according to its research questions, key concepts, theories, and methodology. By key concepts, we mean relevant terms in the research field that are explicitly defined, have a theoretical basis, and cannot be merged with other concepts without important shades of meaning getting lost. Some sources were coded independently by two researchers to aid the development of consistent coding. Each source was read to identify key messages, and summaries were transferred into a mind mapping program. These data were analyzed to identify key concepts, give an overview of theories and research methods, and assess

Table 3. Topic-Related Search Terms.

First iteration	Second iteration
blur*	
business-like, businesslike	business-like, businesslike
commerciali*	commerciali*
	commodif*
	consumeris*
	conversion
corporati?ation, corporati?ed	corporati?ation, corporati?ed
	entrepreneurial
	economi?ation, economi?e*
manageriali*	manageriali*
marketiz*, marketis*	marketiz*, marketis*
	"market orientation," "market oriented"
	"marketing orientation," "marketing oriented"
	philanthrocapitalis*
professionaliz*, professionalis*	professionaliz*, professionalis*
rationalis*, rationaliz*	rationalis*, rationaliz*
social enterprise*	social enterprise*
social entrepreneur*	social entrepreneur*
venture philanthrop*	venture philanthrop*
hybrid*	hybrid*

Table 4. Sector-Related Search Terms.

nonprofit, non-profit, "non profit," not-for-profit, "not for profit," NPO*
Nongovernmental, non-governmental, "non governmental," NGO*
"civil society"
"third sector"
voluntary

progress in answering research questions. Our analysis relied on reading meticulously, sorting findings in mind maps, and conducting statistical analyses and keyword searches. With the exception of *blur**, all initial search terms turned out to be key concepts. However, additional key concepts emerged.

Therefore, a second iteration, following the same pattern as the first one, was run, using all identified key concepts as search terms (see Tables 1, 3, and 4). This time all terms were confirmed as key concepts and no further key concepts emerged.

Altogether, the procedure resulted in a final sample of 599 works (578 journal articles, 17 books, 4 book chapters). We provide a full list of these sources in PDF format (see http://epub.wu.ac.at/id/eprint/4336) and EndNote format (see http://epub.wu.ac.at/id/eprint/4337).

Table 5. Databases and Journals Covered.

Source	Time span covered	Search terms: Topic-related: First iteration	Search terms: Topic-related: Second iteration	Search terms: Sector-related
Nonprofit and Voluntary Sector Quarterly	Volume 1 (Jan. 1972)–July 2013	✓		
	Volume 1 (Jan. 1972)–July 2014		✓	
Nonprofit Management and Leadership	Volume 1 (Fall 1990)–July 2013	✓		
	Volume 1 (Fall 1990)–July 2014		✓	
Voluntas	Volume 1 (May 1990)–July 2013	✓		
	Volume 1 (May 1990)–July 2014		✓	
ProQuest (*ABI/INFORM Global, ABI/INFORM Trade & Industry*, ProQuest Sociology Collection)	Until Jan. 2014	✓		✓
	Until July 2014		✓	✓
EBSCO Business Source Premier	Until Jan. 2014	✓		✓
	Until July 2014		✓	✓
Web of Science: Social Sciences	Until Jan. 2014	✓		✓
	Until July 2014		✓	✓

Key Concepts in the Field

Various key concepts describe the phenomenon of NPOs becoming business-like. Our starting point for identifying them was the notion of *NPOs becoming business-like*. It has been used with a loosely defined meaning in academic literature since the 1980s. Dart (2004a) made a first step toward developing it into a more clearly defined concept. He proposes that becoming business-like comprises several analytic categories: business-like rhetoric, business-like organization of NPOs' core and support processes, and business-like goals. We analyzed each article with regard to the aspects of becoming business-like that it focuses on and assigned each to Dart's categories. Not all authors use key concepts with semantic rigor; therefore, we draw on sources that provide particularly clear understandings. For a visual overview, see Figure 1.

NPOs can become business-like in any dimension (organization, goals, rhetoric) in more or less comprehensive ways, maintaining alternative orientations to varying degrees. This is encapsulated in the concept of *hybrid organizations* (e.g., Evers, 2005), which emphasizes the merging of logics from different fields. It has been argued that hybridity has long been, and will remain, a characteristic of NPOs (e.g., Brandsen, Van de Donk, & Putters, 2005).

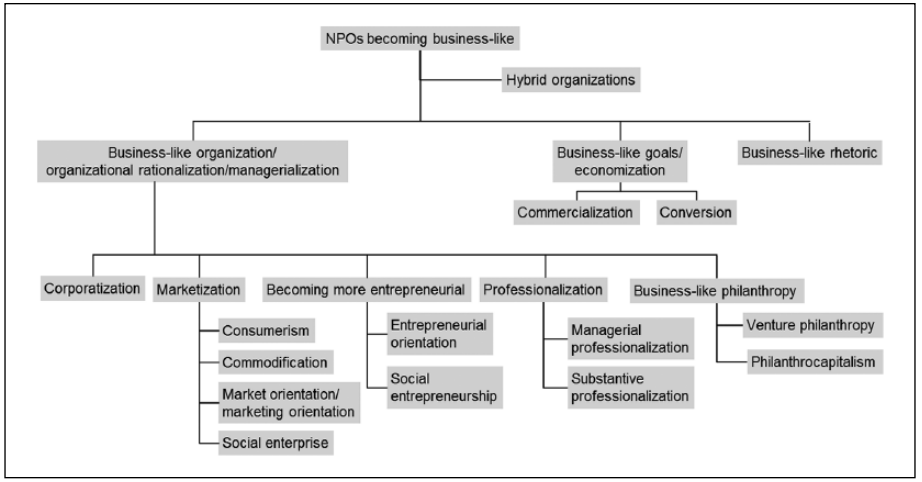

Figure 1. Key concepts in research on NPOs becoming business-like.

Business-Like Organization

By far, the most differentiated terminology has been developed for conceptualizing the becoming business-like of core and support processes in NPOs. Comprehensively, this transformation has been referred to as *organizational rationalization* (Hwang & Powell, 2009). A similar concept that points to the ideological nature of this process is *managerialization*. Managerialism is the belief that organizations can and should be built on corporate management knowledge and practices (Hvenmark, 2013). Managerialization is the process through which this belief is put into practice (Hvenmark, 2013). Roberts, Jones, and Fröhling (2005) have made important steps toward operationalizing managerialism. A number of concepts highlight particular aspects of business-like organizations, which are as follows:

Corporatization focuses on changes in the NPO's governance structure. It refers to the remodeling of a single organization's governance in line with the corporate model (Alexander & Weiner, 1998), or to the integration of several organizations under a holding corporation (Horwitz, 1988).

Marketization refers to NPOs' increasingly market-type relationships with stakeholders, or, from a macro-perspective, to market-type relationships gradually penetrating a country's welfare system (Eikenberry & Kluver, 2004; Salamon, 1993). The marketization of relationships may, but need not, involve the introduction of monetary exchanges, for instance, when volunteering becomes an instrumental exchange of work in return for personal gratification. Marketization involves consumerism and commodification. *Consumerism* refers to changed attitudes of beneficiaries, funders, or volunteers brought about by marketization (Lorimer, 2010). *Commodification* refers to the altered character of NPO activities and outputs (e.g., Logan & Wekerle, 2008). When an NPO cultivates

market-type relationships, it can be characterized as market-oriented. The concept of *market orientation* (or *marketing orientation*) refers to the generation of, dissemination of, and responsiveness to intelligence about customers and competitors (Shoham, Ruvio, Vigoda-Gadot, & Schwabsky, 2006). NPOs that seek to solve social problems through market-based solutions are often referred to as *social enterprises* (e.g., Kerlin, 2013).

Whereas social enterprises are usually understood as undertaking commercial activities, the concepts of *social entrepreneurship* (e.g., Helm & Andersson, 2010) and *entrepreneurial orientation* (e.g., Davis, Marino, Aaron, & Tolbert, 2011) focus on *entrepreneurial* behaviors of NPOs, that is, behaviors that involve high degrees of innovation, risk-taking, and pro-activeness.

NPOs may also become more business-like in their selection of personnel. This is captured by the concept of *professionalization*. It generally describes the conviction that experts should be in charge (Salamon, 1999). Consequences range from raising volunteers' qualification levels to employing more paid staff and placing stronger emphasis on formal educational credentials (e.g., Lundstrom, 2001). Hwang and Powell (2009) differentiate between *managerial professionalization*, which involves more staff with a business management background, and *professionalism in substantive fields* such as medicine, education, social work, and so on, which, in some cases, may be antithetical to business-like practices.

Finally, philanthropy can also be organized in more business-like ways. *Venture philanthropy* applies venture capitalist methods to philanthropic funding (Moody, 2008), not just by investing money but also by providing business expertise. In return, philanthropists have high expectations regarding results and accountability (Wagner, 2002). *Philanthrocapitalism* points to the fact that investment is often undertaken by the very wealthy. Originally coined by ardent supporters, the term has since generated a critical debate (e.g., Ramdas, 2011).

Business-Like Goals

A second set of key concepts deals with NPOs adopting business-like goals. This is most directly referred to by the concepts of commercialization and conversion. The term *commercialization* captures NPOs' increasing reliance on revenue from sales of goods and services (Salamon, 1993), whereas *conversion* refers to an organization changing its legal status, in our case from nonprofit to for-profit, and shifting control of assets or responsibility for liabilities from one sector to another (Goddeeris & Weisbrod, 1998). An umbrella term for commercialization and conversion is the concept of *economization*, which means that NPOs are increasingly driven by monetary concerns (Hoffmann, 2011; Jäger & Beyes, 2010).

Business-Like Rhetoric

A final dimension established by Dart (2004a) is that of business-like rhetoric, which lies in the realm of discourse and emphasizes social construction. Further aspects of communication such as narratives (e.g., Topal, 2008) and visual communication (e.g.,

Vestergaard, 2008), as well as theoretical concepts such as organizational identity (e.g., Kreutzer & Jäger, 2011) and value frames (Le Ber & Branzei, 2010), also fit into this dimension. No special NPO-related key concepts to further differentiate this aspect have been developed; instead concepts from more general social science theories (e.g., "discourse," "narrative," etc.) are used.

The State of the Field

Research on NPOs becoming business-like focuses on three main areas: (a) causes of NPOs becoming business-like, (b) organizational structures and processes in NPOs undergoing such change, and (c) effects of becoming business-like. Before going into detail, it must be acknowledged that disentangling causes and effects can be difficult. Various facets of becoming business-like are interrelated (Hvenmark, 2013). For example, both commercialization (Froelich, 1999) and hiring managerial professionals (Hwang & Powell, 2009) foster managerialization; likewise, entrepreneurial orientation correlates with market orientation (e.g., Bennett, 1999).

Causes of NPOs Becoming Business-Like

Causes have been researched extensively and appear to lie in the organization's environment, within the organization, and on the interface between the organization and its environment, that is, in the way the organization responds to environmental conditions.

Exogenous causes. In the organization's environment, discourses and ideologies, conditions in politics, the economy and civil society, as well as collective and individual actors are all drivers of business-like approaches. On the most abstract level, *discourses and ideologies*, characterized by "economic rationalism" (Pusey, 1996), "managerialism" (e.g., Harvie & Manzi, 2011) or "world culture" (e.g., Bromley, 2010), and so on, push NPOs toward becoming more business-like. Studies focusing on this phenomenon often build on neo-institutionalist, critical, or discourse theoretical approaches. They do not examine particular political or legal reforms, but rather the ideological undercurrents underlying such reforms.

On a more concrete level, particular *civic, economic, and political conditions*—for example New Public Management and neoliberal reforms—induce NPOs to become more business-like (e.g., Liebschutz, 1992). Economic factors such as competition with for-profit providers and availability of funding affect commercialization (Kerlin & Pollak, 2011). As changes in economic conditions are often intertwined with political decisions, many studies deal with political and economic causes simultaneously (e.g., Salamon, 1999). Recently, causes that lie within civil society have also been investigated (Kerlin, 2013).

On a micro level, *collective and individual actors* who pursue particular interests or are driven by affective desires (Lorimer, 2010) promote business-like approaches:

Businesses that fund NPOs may prefer business-like relationships (e.g., Bednall, Walker, Curl, & LeRoy, 2001), and political institutions may require NPOs to implement business-like structures to fulfill accountability needs (Harmer et al., 2013) or to discourage them from criticizing structural causes of poverty and inequality (e.g., Topal, 2008). One should not forget in that context that also NPOs themselves may promote business-like approaches (e.g., Lee, 2010), and that business-like approaches such as Fair Trade emerged out of social movements (Webb's, 2007). Finally, professionals may have an interest in introducing business-like standards that require the use of staff like themselves (e.g., Hoffmann, 2011), and also volunteers can, sometimes inadvertently (Lorimer, 2010), contribute to the proliferation of business-like forms.

Endogenous causes. Several studies identify intra-organizational factors that correlate with business-like approaches: board characteristics (Stone, 1989), organizational culture (e.g., Choi, 2012), ideologies (e.g., Meinhard & Foster, 2003), field of activity (e.g., Enjolras, 2002), and member- or public orientation (Quarter, Sousa, Richmond, & Carmichael, 2001). Mostly, organizational characteristics are used as control variables to complement other theory-based explanations. A few studies deal with the influence of age and size under the guidance of Weberian or life cycle theories (e.g., Kramer, 1990; Perkins & Poole, 1996), but recently these theories have not been pursued extensively.

Causes at the organization/environment interface. Rationalist and institutionalist approaches examine how NPOs respond to environmental conditions. Rationalist explanations illustrate how NPOs become business-like for deliberate, strategic reasons. They build on economic theories (e.g., Cordes & Weisbrod, 1998; Young, 1998), strategic management concepts (e.g., Tuckman, 1998), or resource dependency theory (e.g., LeRoux, 2005).

These explanations are challenged and complemented, sometimes within the same study (e.g., Marshall & Suárez, 2014), by institutionalist explanations. "Classical" institutionalist analyses give much room to interactions: They examine how interaction between government institutions (e.g., Martens, 2006), professional associations (e.g., Perkins & Poole, 1996), and NPOs prompts the latter to become more business-like. They also look at interest constellations within organizations and at how these exert pressure on NPOs (e.g., Wertheim, 1976). Neo-institutionalist approaches acknowledge these mechanisms and frame them in terms of institutional isomorphism and legitimacy: NPOs adopt business-like approaches out of a desire for legitimacy (Dart, 2004b), by undergoing processes of coercive, mimetic, and normative isomorphism (e.g., Alexander & Weiner, 1998; Hwang & Powell, 2009). Recently, the role of institutional entrepreneurs, who strategically advocate business-like practices in NPOs, has been highlighted (Moody, 2008).

Organizational Structures and Processes

Research on structures and processes of NPOs that are becoming or have become business-like can be divided into two subgroups: studies that assess the prevalence of

particular business-like forms and studies about handling the differences between business-like and other approaches.

The prevalence of business-like forms. Some studies take stock of business-like practices in the field, shedding light on the extent of managerialization, organizational rationalization, and business-like organizing in general (e.g., Di Zhang & Swanson, 2013; Hwang & Powell, 2009; Meyer, Buber, & Aghamanoukjan, 2013). Operationalizations of business-like organization, including managerialism and organizational rationalization, vary, which makes comparison difficult.

A particularly well-documented trend is the conversion of U.S. health care organizations (e.g., Grabowski & Stevenson, 2008). Also, the prevalence of commercialization is rather well understood. Operationalizations of commercialization are quite unified, and a commercialization trend is found in many (e.g., Kerlin & Pollak, 2011; Wicker, Breuer, & Hennigs, 2012), but not all parts of the nonprofit sector (e.g., Toepler & Dewees, 2005). Also operationalizations of professionalization are relatively uniform, and the professionalization trend is well documented (e.g., Suarez, 2010).

Many efforts to map social entrepreneurship and social enterprises have recently been initiated. Most of them are beyond the scope of this review because they do not deal with those phenomena as examples of NPOs being business-like (for an exception, see Davis et al., 2011). Little information is available about the prevalence of other business-like phenomena such as corporatization (except Bazzoli, 2004) and economization (except e.g., Hoffmann, 2011).

Handling differences between being business-like and other approaches. Various concepts capture the differences between being business-like and other approaches, for example, discourses (e.g., Taylor & Garratt, 2010), institutional logics (e.g., Binder, 2007), or organizational identities (e.g., Kreutzer & Jäger, 2011). Some studies observe harmonious integration of business-like and philanthropic approaches and analyze antecedents (e.g., Binder, 2007; Cooney, 2011). Others find conflicts, for example, between managers and volunteers (e.g., Kreutzer & Jäger, 2011), between departments within NPOs (e.g., Cooney, 2006), and between NPOs and external stakeholders such as funders or collaborating business enterprises (e.g., Shaw & Allen, 2009).

Several studies examine how NPOs can become more business-like under conditions of conflict (e.g., Jäger & Beyes, 2010, on balancing practices; Fisher & Atkinson-Grosjean, 2002, on boundary workers). Others focus on resistance against business-like approaches (e.g., Baines, 2010; Ebrahim, 2002). Recently, fine-grained analyses of constellations between business-like elements and others have emerged (e.g., Le Ber & Branzei, 2010). Actors shape these constellations by combining or decoupling cultural resources in various ways (e.g., Åberg, 2013; Binder, 2007). The organization's context also matters, for example, the field in which it operates (Garrow & Hasenfeld, 2012) and whether it was founded as, or turned into, a social enterprise (Smith, Knapp, Barr, Stevens, & Cannatelli, 2010).

Effects of Becoming Business-Like

A third group of research questions deals with effects of NPOs becoming business-like in four areas: organizational performance; NPOs' fulfillment of societal functions; power, knowledge and subjectivities; and NPOs' legitimacy.

Effects on organizational performance. For this review, we distinguish between organizational performance and fulfillment of societal functions. Organizational performance is understood within the NPO's own frame of reference, that is, the fulfillment of its mission and the securing of financial and human resources. As becoming business-like may cause mission drift, we also look at the fulfillment of societal functions, as defined from an external perspective.

Findings about performance paint an inconsistent picture. Organizational performance is positively related to market orientation (Shoham et al., 2006), but not to commercialization (Guo, 2006) or to entrepreneurial orientation (Coombes, Morris, Allen, & Webb, 2011). Positive effects seem to be stronger if business-like approaches are implemented fully, in bundles, and in NPOs that are already business-like (e.g., Beck, Lengnick-Hall, & Lengnick-Hall, 2008).

Securing resources is often seen as an indicator of performance. Becoming business-like may complicate retaining "collective style" volunteers, while fitting well with "reflexive" volunteers (e.g., Vantilborgh et al., 2011). Effects of commercialization on the ability to attract and retain qualified staff differ between activity fields. In human service NPOs, positive effects were found (Guo, 2006). Commercializing universities may suffer negative effects (Toole & Czarnitzki, 2010). For financial resources, positive effects of market orientation are well documented (e.g., Levine & Zahradnik, 2012; Padanyi & Gainer, 2004). Financial effects of commercialization and revenue diversification are relatively well understood, too: Volatility of commercial revenues and risk of venture failure are moderate (Froelich, 1999); resource dependency advantages of diversified funding are offset by benefits of specialization (Froelich, 1999, Frumkin & Keating, 2011); associations between commercial and other sources of funding range from crowding in to crowding out or a compensatory function (e.g., Kingma, 1995; Wicker et al., 2012).

Effects on the fulfillment of societal functions. To outline effects on the fulfillment of NPOs' societal functions, we distinguish between service-provision, advocacy, and community-building:

For NPOs as *service-providers*, evidence about mission drift is inconclusive. Some studies find that commercialization does not lead to mission drift, that diversified funding may prevent mission drift (e.g., Froelich, 1999), and that commercial activities may even promote mission attainment (e.g., Young, 1998). However, a contrasting view has also been found: Business-like approaches may instigate a drift away from community-building, and to some extent from advocacy, toward service delivery (e.g., Keevers, Treleaven, Sykes, & Darcy, 2012). Within the service function, mission drift may occur when organizations reduce the provision of public goods and services to the poor (e.g., Bailis, Cowan, Berrueta, & Masera, 2009).

Innovativeness can be examined on the organization and population level. On the organizational level, managerialist NPOs offer more new services (e.g., Choi, 2012). On the population level, isomorphism among NPOs (e.g., Amirkhanyan, Kim, & Lambright, 2009) as well as between NPOs and businesses (e.g., Randall, 2008) has increased. The resulting "civic monocultures" may reduce the ability to respond to environmental shocks (McQuarrie, 2013, p. 75).

Findings about effects on the client orientation of services are polarized. Quantitative studies from the marketing angle show that market orientation improves client satisfaction (e.g., Shoham et al., 2006). Yet, several qualitative studies show the detrimental effect managerialization has on service quality (e.g., Keevers et al., 2012). Recently, studies have illuminated this divergence of outcomes by investigating the moderating effect of gender roles (Baines, Charlesworth, Cunningham, & Dassinger, 2012), implementation (Baines et al., 2012.; Doherty, Davies, & Tranchell, 2012), and regulatory environments (e.g., Suda & Guo, 2011).

When it comes to *community-building*, professionalization seems to have neither positive nor negative effects (Carey, Braunack-Mayer, & Barraket, 2009). However, professionalized advocacy organizations may build less bonding but more bridging social capital (Sobieraj, 2006). Theoretical arguments point toward negative community effects of commercialization and managerialization (e.g., Backman & Smith, 2000), but empirical evidence is scarce (e.g., Galaskiewicz, Bielefeld, & Dowell, 2006). The involvement of volunteers is especially often referred to as important for community-building. Typically, commercialization and professionalization entail the use of more paid work and unchanged amounts of voluntary work, as well as a qualitative change of volunteering in the sense of volunteers being involved in ancillary tasks, whereas central tasks are performed by paid staff (e.g., Geoghegan & Powell, 2006).

Findings about effects on *advocacy* are mixed. On the positive side, professionalization helps NPOs to become more proactive and heard by governments (Graddy & Morgan, 2006; Harmer et al., 2013). On the negative side, dependency on government funding in marketized and managerialized exchange relationships may weaken advocacy in favor of service-delivery (e.g., Aiken & Bode, 2009).

Altogether, evidence does not point toward a quantitative reduction but to a qualitative thinning out of advocacy (Svensson & Öberg, 2012). Professionalized NPOs increase possibilities for participation, but volunteers develop less expansive skills than in classic associations (Sobieraj, 2006). Business-like forms of advocacy involve professionals performing complex tasks, whereas broad masses of supporters perform "visual labor" to create images of community support (Tatarchevskiy, 2011). This may erode NPOs' role as schools of democracy in the Tocquevillian sense. Historical analysis shows that NPOs once used to fulfill this role (Skocpol, 2003), but being business-like leaves little space for structurally anchored organizational democracy (e.g., Hvenmark, 2013) and self-organization on the grassroots level (e.g., Eizenberg, 2012).

Advocacy messages and tactics of business-like NPOs are more conventional and compatible with government rationales, rather than being radical and subversive (e.g., Jenkins, 2006). Some authors underline the positive aspects of these changes (Dekker,

2009), whereas others, notably those with a Global South perspective (e.g., Merz, 2012), view them critically. Jones, Roberts, and Fröhling (2011) show that those changes may not be permanent, as even managerialized NPOs can radicalize in social movements.

Effects on power, knowledge, and subjectivities. Effects on advocacy are closely related to effects on knowledge, power, and subjectivities. Studies investigating those effects build on Foucault, Bourdieu, critical theory, and world polity theory, among others.

Becoming business-like affords privilege to certain types of *knowledge* such as instrumental rationality, while devaluing substantive rationalities based on empathy, religion, aesthetics, feminism, and so on (e.g., Bromley, 2010; Keevers et al., 2012; Treleaven & Sykes, 2005). Business-like approaches may contribute to the reproduction of neoliberalism by legitimating the withdrawal of the state (e.g., Logan & Wekerle, 2008), individualizing and de-politicizing problems (e.g., Keevers et al., 2012), stabilizing capitalist relations of power and accumulation (e.g., Ramdas, 2011), and affirming markets and the corporate world as the most appropriate solution providers (e.g., Hvenmark, 2013). However, knowledge effects can also flow in the opposite direction, when hybrid organizations challenge traditional economic assumptions (e.g., Haigh & Hoffman, 2012).

Becoming business-like typically fosters neoliberal *subjectivities*. For example, beneficiaries are reframed as consumers (e.g., McDermont, 2007), activists as entrepreneurs (e.g., Merz, 2012), and donors as investors (e.g., Vestergaard, 2013). Actors, however, may resist or only partially adopt such new identities (Dey & Teasdale, 2013), and sometimes it is hard to tell who is the "business-like" subject and who is not (Roy, 2011). Opposite effects are also possible when consumers of fair-trade products become concerned about the politics of production and develop activist identities (e.g., Webb, 2007).

As for *power* effects, some groups are plainly winners, whereas for others effects are more ambivalent. Power gains have been documented for funders, both private (e.g., Clohesy, 2003) and public (e.g., Keevers et al., 2012). Insofar as knowledge effects in favor of neoliberalism apply, business-like approaches strengthen the position of elites (e.g., Hemment, 2004): The restructuring of boards in favor of business-like members (e.g., Backman & Smith, 2000) and the rise of business-like philanthropy (e.g., Rogers, 2011) clearly increase elite influence.

For beneficiaries, power effects are less clear-cut. Studies on market orientation suggest that NPOs should more strongly orient themselves toward beneficiaries, which would result in higher satisfaction of the latter. However, studies using Foucauldian theory, labor process theory, or critical discourse analysis have documented a weakening of beneficiary positions (e.g., Baines, Cunningham, & Fraser, 2011; Treleaven & Sykes, 2005). Some even find objectification (e.g., Chevannes, 2002), commodification (Garrow & Hasenfeld, 2012) or policing (e.g., Keevers et al., 2012) of clients.

Paid staff can experience positive (Melnik, Petrella, & Richez-Battesti, 2013) or negative (e.g., Baines et al., 2011) effects. NPOs usually face similar pressures exerted by external stakeholders and increasingly constrained resources. Some react with

exploitative and mission-incapacitating measures, others with mission-oriented and staff-friendly practices (Ridder, Piening, & Baluch, 2012).

For volunteers, strengthened support structures may enhance participation (Sobieraj, 2006), whereas a strictly supervisory approach has the opposite effect (e.g., Leonard, Onyx, & Hayward-Brown, 2004). For grassroots activists, business-like and professionalist approaches may be disempowering (e.g., Merz, 2012). Conversely, they may not be, if people-centered forms of professionalism are used (Mitlin, 2013) or if grassroots activists wrest the discourse of "empowerment" away from business-like notions and wage it in their own interest (Jones et al., 2011).

For NPOs themselves, power effects depend on several factors: NPOs that adhere to alternative forms of knowledge (Harvie & Manzi, 2011), operate on the grassroots level, suffer vulnerable resourcing levels, and passively accommodate to isomorphic pressures (Nazneen & Sultan, 2009) tend to lose power. NPOs that are well resourced, operate above the grassroots level, and proactively adopt business-like approaches stand a chance of gaining power (Nazneen & Sultan, 2009). NPO managers, at least in the field of development cooperation (Ebrahim, 2002; Johnson, Pinder, & Wilson, 2012), tend to be aware of mission-incapacitating power effects and try to counteract them in their work with mixed success.

Effects on NPOs' legitimacy. All these changes affect NPOs' legitimacy. Findings vary, pointing to both increases (e.g., Guo, 2006; Padanyi & Gainer, 2004) and decreases (e.g., O'Reilly, 2011) in legitimacy. Variations suggest an institutionalist explanation: Whether the adoption of business-like practices increases the legitimacy of NPOs depends on whether they fit the expectations of their institutional environment (e.g., Klausen, 1995).

Today, the effect of business-like approaches on legitimacy seems to be shifting toward the positive (e.g., Dart, 2004b). Concerns have been voiced that for NPOs this might lead to a legitimacy paradox, which in the long run erodes their special role in society (Balanoff, 2013; Salamon, 1999). For the time being, NPOs handle this paradox by balancing (Balanoff, 2013) and decoupling (Åberg, 2013). Empirical evidence about legitimacy and survival implications is still scarce (e.g., Kistruck & Beamish, 2010; Kuosmanen, 2014).

Challenges for Further Research

Research on NPOs becoming business-like has increased continuously since the 1980s, and, in view of recent developments, is more relevant than ever. We observe positive developments in the field, such as a greater precision of concepts, a growing theorization, and a trend toward empirical research. If we look at the road ahead, we see three major challenges: directing research toward less explored areas, broadening methodological approaches, and widening the horizon of analysis.

Of all aspects connected to NPOs becoming business-like, causes are understood best: Theories are well developed, qualitative as well as quantitative studies abound, and they connect to wider research streams from various disciplines. Further

investigation into causes might extend and refine theoretical explanations, or provide additional empirical evidence. Increased efforts are needed to advance knowledge about less thoroughly understood issues of organizational structures and processes, as well as about effects of NPOs becoming business-like. We would also welcome further consolidation of key concepts and evidence about the prevalence of various business-like forms.

To advance knowledge about organizational structures and processes for straddling business-like and other approaches, research should test, expand, and refine the findings of previous qualitative studies. This should be done through quantitative and more comprehensive qualitative research, for example, comparative case studies. Research should go beyond documenting conflicts or harmonious combinations and aim to identify the organizational and environmental factors that promote one or the other.

A more comprehensive and evidence-based understanding of effects of becoming business-like is needed, because currently the field is characterized by polarized and inconclusive findings. For this purpose, it will be necessary to broaden methodological approaches and to widen the horizon of analysis. Typically, studies focusing on negative effects of becoming business-like use qualitative methods, whereas studies on positive effects make use of the full methodological spectrum. Such self-limitation may harm the critical agenda, because "hard," quantitative evidence is available for positive but not for negative or equivocal effects.

Moreover, many studies on effects of becoming business-like have focused on effects in one dimension and then used those to draw overall conclusions about the desirability of business-like approaches. Research should widen the horizon of analysis to include effects according to multiple dimensions (e.g., organizational performance, fulfillment of societal functions, power/knowledge/subjectivities, and legitimacy). It may not be possible to engage with all of them in detail within a single study. However, we encourage researchers to develop a well-rounded familiarity with respective literatures and to use them as background for whatever specific aspects they choose to investigate.

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