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# The Third Sectors: A Cluster Approach<sup>1</sup>

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Theoretical cluster analysis can be used to sort out and organize at least some of the complex relations involved in empirically defining a third sector. Cluster analysis, in the sense that it is being used here, is a quantitative technique to identify clusters of similar traits of empirical observations or cases. It is similar in many respects to factor analysis, except that the latter is ordinarily more concerned with identifying groups of related variables. The term Theoretical Cluster Analysis is used here to denote a set of primarily logical operations and arguments used to link the existing literature to questionnaire and scale items theoretically and methodologically.

We begin by postulating a cluster of four distinguishable “sectors” and four inter-sectors that together define the full extent of what has come to be known as the third sector and the entire social space that is “not-the-sector.” This approach makes use of David Billis’ overlapping circles (1991) or Venn diagrams, a device that is widely known in scientific and philosophical circles. This effort unfolded in a variety of separate steps: The first step was to define a set of 20 clusters (see below) and group them into scales of five items each in order to provide an empirical measure for uniquely discriminating among four primary sectors (for which the labels of economy, polity, households and third sector are used). The second step was to operationalize the five items of Lohmann’s definition of a commons (1992) as a set of Likert type measures identified as the Lohmann or L-cluster. The next step was the extraction of eight theoretical measures from Lester Salamon’s widely used definition of nonprofit organizations. (Salamon, 1992; Van Til, 1999) These clusters together were constituted as a set of Likert-type measures for the larger theoretical enterprise as a measure identified as the Salamon or S-cluster.

In the fourth phase, the Billis model was incorporated to give greater specificity to the original conception of four sectors. The Billis model also made it possible to identify four additional clusters consisting of hybrid types (or inter-sectors) representing the intersections, or (logical) overlaps of two or more sectors. In a fifth phase, the Billis model was modified slightly (without

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<sup>1</sup>Presented to the Festschrift honoring the retirement of my colleague and friend, Gabor Hegesi, Budapest, Hungary. May, 2011.

changing its basic properties) to reveal the existence of five additional possible intersectorors.

These will also be articulated into scales of five items each as part of this project. But first a detailed reference questionnaire with items representing all of the clusters was developed. This included the 8 items of the S-Cluster; the 5 items of the L-cluster; the 20 items representing the four principal sectors and four additional items representing the Billis intersectorors.

Two additional steps are foreseen at this writing. First, it is anticipated that the resultant theoretical cluster model will be subjected to rigorous scrutiny and empirical testing and offer an empirical basis for distinguishing types of nonprofit/voluntary organizations. In addition, it is anticipated that the resultant “theory of nonprofit organizations” will form the basis for a knowledge-management ontology that can be used both to build a theoretically-informed knowledge base of findings from nonprofit research and to construct empirically grounded models of nonprofit organizations of various types.

## A Note on Methodology

There are two underlying assumptions at work here:

- 1) First, it is assumed that the concept of a sector might be represented operationally as a theoretically derived **cluster** to which we would expect an indefinitely large number of **variables** used to measure characteristics of the sector to be related.
- 2) Secondly, it is assumed that the concept of a sector might also be represented operationally as a theoretically derived **cluster** of organizational **cases** demonstrating similar characteristics.

In this sense, a sector might be seen either as a kind of supra-organization, or network of organizations, analytically distinct but somewhat akin to a community or society, with its own distinctive set of characteristics, or as a logical classification device for clustering similar organizational units and distinguishing them from dissimilar units. It is this latter case (and thus the methodology of cluster analysis) that has been the subject of most research in nonprofit studies to date and is of greater immediate interest here.

Because of this, cluster analysis is deemed to be appropriate for this purpose. This is primarily because cluster analysis is ordinarily used for purposes of reducing the total number of variables to a more limited set of quantitative “clusters” with which those many variables are correlated. Although factor analysis methods might easily be used for the task here, the

closely related methodology of cluster analysis is in fact more appropriate for the particular task of associating sets of cases with one another.

### **A Preliminary Scaling Attempt**

Before we get into the main body of the argument for a clustering approach to sector measurement, it is worth examining a couple of other plausible approaches. The first of these involves developing a scale (or cluster) consisting of a set of measures derived from Lester Salamon's eight-item definition of nonprofit organizations. First, eight theoretically derived items can be derived using Salamon's (1992) definition of nonprofit organizations. It is important to note that, consistent with Salamon's discussion, these items allow only for discrimination of phenomena that do, and do not, belong "within" a nonprofit sector.

To render these elements measurable, each of the eight theoretical items said to define the nonprofit sector was "fitted" with a zero-point for noting complete absence of the measured condition in each situation and a Likert-type scale to assign a number between 1 and five for the degree to which the cluster was evident in each situation. In the case of the ninth cluster, LEGAL, scores also range from 0 to 5, with 0 in this case representing informal groups with no special legal standing. The general measurement regime would assign a value of "5" to those situations where the cluster in question is most strongly evident.

Here in a preliminary formulation are the eight items and their suggested scorings. (It is recognized that some of these are not yet in a form where they could be clearly included in a questionnaire or test.)

## **The S Scale**

### **Institutionalization**

- 0** – Degree of institutionalization indeterminate
- 1** – Very low institutionalization
- 2** – Low institutionalization
- 3** – Moderate institutionalization
- 4** – High institutionalization
- 5** – Very Highly institutionalized

### **Privacy (Private Public Dichotomy)**

- 0** – Degree of privacy not determinable
- 1** – Fully public
- 2** – Mostly public/some private
- 3** – Public/private balance
- 4** – Mostly private/some public
- 5** – Completely private

### **Separation from Government**

- 0** – Government organization, program or service
- 1** – High interaction; high dependence
- 2** – High interaction and limited dependence
- 3** – Limited interaction and dependence
- 4** – Limited interaction; no dependence on government
- 5** – No interaction with or dependence on government

### **Not Profit Distributing**

- 0** – No surpluses or profits
- 1** – Profits distributed to owners/shareholders
- 2** – (Limited dividend corporation)
- 3** – Purely voluntary or unconstrained nondistribution
- 4** – Legal nondistribution constraint with no sanctions
- 5** – Legal nondistribution constraint with sanctions

### **Self-Governing**

- 0 – No governance pattern evident
- 1 – Completely subservient or externally governed
- 2 – Largely externally governed
- 3 – Moderately self-governing
- 4 – Largely self-governing
- 5 – Fully self-governing

### **Voluntary**

- 0 – No pattern of voluntarism evident
- 1 – Fully coercive
- 2 – Somewhat coercive
- 3 – Mixed coercion and voluntarism
- 4 – Largely voluntary
- 5 – Completely voluntary

### **Public Benefiting (Publicity already measured; measures benefits only)**

This dimension is basically composed of three clusters – the previously discussed Privacy, and the clusters of Exclusion and Divisibility which define public goods.

#### **Exclusion**

- 0 –
- 5 – Public good (No exclusion)
- 4 – Semi-public good (Some exclusion possible)
- 3 – Public/private good (Moderate chances of exclusion)
- 2 – Semi-private good (
- 1 – Completely private (Owner may readily exclude all others from use)

#### **Divisibility**

- 0 –
- 5 – Completely indivisible good
- 4 – Small or limited potential for division
- 3 – Moderate potential for division
- 2 – Significant potential for division
- 1 – Completely divisible good

In this construction, the eight items are scored so that the higher the score the greater the assurance that a particular group, activity or organization to which it is applied is located “within” a third, or nonprofit/nongovernmental sector. A perfect score of 40, for example, by an organization or group may be safely judged to indicate a presence “in” the third sector, while very low scores may be safely judged to be “outside” the sector. The result of this approach, however, is a largely dichotomous determination: Very high scores indicate a position inside the third sector; very low scores indicate a presence outside, and mid-range scores are all largely indeterminate. It is a highly relevant question whether an organization that is not profit distributing but with low self-governance, and little voluntarism and engaged in the output of largely private benefits should be classified alongside an organization that scores high on all items. This seems merely to reproduce in quantitative form many of the existing conceptual and classification problems of the field. The scores on this scale seem to support categorical judgments at both extremes, but to lose discriminating power in the mid-ranges. There is a vague and cloudy theoretical middle ground here: In what sense is a group or organization that scores 25, for example, really “more in” the third sector than one which scores 18, for example?

Further, this approach does not allow any determination, identification or assignment of the “outs” – those groups and organizations scoring low on the scale. Failure to further identify or classify the “outs” may be particularly problematic because of historic and continuing tendencies to define third sector activities by negation: Nonprofit organizations (NPOs) are said to be those that are *not* profit-making; and non-governmental organizations (NGOs) are those which are explicitly not part of government. But are NPO’s and NGO’s the same thing or different?

Finally, this approach is largely silent on theoretical issue of convergence between nonprofit and other sectors, as evident for example, in such topics as social entrepreneurship, government purchases of services and a host of related issues. Could an organization score high on this cluster (e.g., 40 or above) and still be convergent with other government or business organizations? The likelihood of that happening in specific circumstances appears quite high. Overall, very little attention has been devoted by empirical researchers in any discipline to the problem of measuring the degree or amount of such convergence in the case of particular organizations. This paper will outline a blend of two approaches to measuring sectoral convergence, grounded in Lohmann’s commons theory of voluntary action. (Lohmann, 1992) and David Billis’ theory of nonprofit agency (1984).

Another question to ask here is whether these items together add up to a unique “nonprofit cluster” capable of defining a nonprofit organization, and distinguishing it from other forms of governmental, business or household

organizations? The chances of this are not good. Even assuming all of the details of adequate operationalization can be worked out, the S-cluster clearly serves only to resolve the dichotomous question of whether an organization is in the third sector and what is out. Further uses of this cluster as an empirical measure appears to raise certain fundamental difficulties. Nevertheless, the specific items that Salamon identified are widely recognized today as important defining characteristics, and we need to keep them around for further investigation, although as a cluster of items it is quite likely they will not hold together strongly.

### A Legal Cluster?

It is also possible that the cause of empirical definition can be further clarified by building a legal cluster, and using it as the basis for distinguishing organizational types within the third sector from other forms of organization. This legal cluster might denote the various legal conceptions of legal non-distribution constraints, charitable status, exemptions from income, sales and other taxes, *cy pres* doctrines and other legal characteristics that define nonprofit organizations legally. The assumption here is just that all of these legal characteristics that define a particular nonprofit organization can be conceived as belonging to a single cluster, and that the actual content of that legal cluster would vary by country to country, or legal system to legal systems as, for example, in the differences between the Anglo-American, Napoleonic code and Islamic law traditions.

To examine this point, we look at items closely tuned to the American nonprofit legal context, where organizational tax exemption from income and other taxes, incorporation, organizational charitable status, ability of donors to take tax deductions, legal privileges and constitutional guarantees of rights denote the legal domain. In British and other legal systems applications of this item will have to be refined or adjusted to take account of the characteristics of each particular legal system in place. It is also likely that this item will have to be deconstructed into a multi-item legal cluster, taking separate account of the items of legal standing, incorporation, tax exemption, charity status, and legally enforced rights and privileges. Nevertheless, in its present form, this item serves as a stand-in for a more adequate legal cluster.

### Legal

0 – No defined legal standing

- 5 – Fully exempt charity (#4) with constitutional privileges\*
  - 4 – Tax exempt charity (#3) also exempt from state & local taxes
  - 3 – Tax exempt corporation (#2) charity/ donors eligible for deduction
  - 2 – Nonprofit corporation exempt from federal income taxes
  - 1 – Incorporated with no tax exemptions
- \* e.g. religious organizations covered by the first amendment.

## Commons Theory of Voluntary Action

For those not familiar with this work, it is suggested that nonprofit or third sector law, tradition and practice was constructed historically around the ideal type of a “commons” defined by voluntary (uncoerced) participation, shared purposes, shared resources, a sense of mutuality and indigenous norms of justice. As an organization type the ideal type of the commons can be both compared and contrasted with the ideal types of the government bureau identified in the Weberian theory of bureaucracy, the commercial, or for-profit firm of micro-economic theory and the family. Each of these ideal types, it is said organizationally anchors one of the four principal sectors: Families are the ideal type characterizing the intimate sector; bureaus (in the sense of rule-bound legal rational organizations in pursuit of the public good) the public sector; profit-maximizing firms the economic sector; and commons the third, nonprofit/nongovernmental sector.

## The L Scale

### **Uncoerced Participation**

It is assumed for the moment that the Voluntarism cluster from Salamon's definition can also be used as a measure of this element:

- 0** – No pattern of voluntarism evident
- 1** – Fully coercive
- 2** – Somewhat coercive
- 3** – Mixed coercion and voluntarism
- 4** – Largely voluntary
- 5** – Completely voluntary

In addition, items for the other four theoretical dimensions can be constructed as follows:

### **Shared Purposes**

- 0** – Questions of shared purposes are irrelevant
- 1** – Everyone pursues their own self interest all the time
- 2** – Occasional or incidental focus on shared mission, focus or purpose
- 3** – Sometimes people do their own thing; sometimes shared mission
- 4** – Occasional evidence of self-interest; mostly shared purposes
- 5** – People always act on the basis of a very strong sense of shared purpose

### **Shared Resources**

- 0** – There are no recognizable resources involved in this situation
- 1** – A few recognized resources but no established procedures for transfer or use.
- 2** – Procedures for recognizing, use and transfer of resources can be negotiated
- 3** – Some established procedures for recognizing, using and transferring resources
- 4** – There are established procedures for use and transfer of a wide variety of recognized resources
- 5** – Formalized budgeting or other established procedures for recognizing, using and transferring resources.

### **Mutuality**

- 0 – It's "Every man for himself" in this organization
- 1 – People get as minimally involved as possible.
- 2 – Limited or occasional we-group sense
- 3 – There is some we-group feeling in the organization, part of the time.
- 4 – There is usually a we-group feeling in the organization
- 5 – There is always a strong we-group feeling in the organization

### **Justice**

- 0 – No concern for us or them
- 1 – Strong concern only for "us"
- 2 – Slight concern for "them" but mostly for "us"
- 3 – Balance of concern for "us" and "them"
- 4 – Some concern for "us" but mostly for "them"
- 5 – Strong primary or exclusive concern for "them"

It is hypothesized in this study that convergence is a multi-dimensional phenomenon in which no single cluster can adequately or satisfactorily account for the sector location demonstrated by particular organizations. *Sector location* is defined as the unique mix of characteristics displayed by an organization or interorganizational unit relative to the four ideal types and the major socio-economic sectors. The problem of sector location, or placement is a two-faceted one. For a long while, following the lead of the label "nonprofit" presented a misleading trail for investigators who were led into the trap of misclassification. (Lohmann, 1989) Things were said to be either "profit-making" or "not-for-profit."

### **Philanthropy Theory**

Yet another approach to sector-definition is evident in the deceptively simple definition of philanthropy offered by Robert Payton (1988): Philanthropy is private action for the public good. One might conjecture (as I, in fact, did in *The Commons* (1992)) the possibility of a "philanthropic sector" identifiable with Payton's definition and hypothesize that such a sector would correspond to some unknown degree with other images of the Third sector, including those of Salamon and Lohmann noted immediately above. It is therefore worth asking what defining elements one might use to identify a philanthropic sector? Based on Payton's approach, there are five, listed in the P Scale below.

The first two items are the two divergent approaches to privacy (labeled privacy and publicity). The first of these items has already been introduced in the L-Scale above. The second is introduced more systematically in the later discussion in this document but is included here

for information. In addition, Payton's statement implicates three other defining elements: an action orientation and the clusters of exclusion and divisibility (also from the L-Scale above) that together define public goods.

Note: The discerning reader will note several overlap items in the P-Scale. Because this is an exercise in theoretically-guided scale construction, not in theoretical discourse, the obviously overlapping terminology of several items in this scale will be approached from that vantage point, rather than the latter. That is, the question yet to be resolved is whether the items can be restated slightly to reduce the overlapping wording, rather than exploring the theoretical issue of what it might mean that these items overlap.

## **The P Scale**

### **Privacy**

- 0 – Degree of privacy not determinable
- 1 – Fully public
- 2 – Mostly public/some private
- 3 – Public/private balance
- 4 – Mostly private/some public
- 5 – Completely private

### **Publicity**

- 0 – There are no recognizable goods involved
- 1 – Private goods, affecting a few
- 2 – Private goods affecting many
- 3 – Common goods, affecting some
- 4 – Common goods affecting many
- 5 – Public goods, affecting everyone

### **Action**

- 0 – No discernable action
- 1 – Something seems to be happening here; what it may be isn't clear
- 2 – At least a stimulus & a response can be detected
- 3 – Several social actors appear to be responding to each other's gestures
- 4 – Limited or equivocal evidence of communication or interaction
- 5 – A clear pattern of communicatively-mediated interaction is evident

### **Exclusion**

- 0 – Degree of exclusion not determinable
- 5 – Public good (No exclusion)
- 4 – Semi-public good (Some exclusion possible)
- 3 – Public/private good (Moderate chances of exclusion)
- 2 – Semi-private good (
- 1 – Completely private (Owner may readily exclude all others from use)

### **Divisibility**

- 0 – Degree of division not determinable
- 5 – Completely indivisible good
- 4 – Small or limited potential for division
- 3 – Moderate potential for division
- 2 – Significant potential for division
- 1 – Completely divisible good

## Measuring All Four Sectors

The approach taken in all three of these otherwise diverse approaches to defining a nonprofit, common or philanthropic sector is to identify what appear to be the most salient defining characteristics of a phenomenon (“the sector”) which cannot otherwise be independently, clearly or unequivocally established to exist. As noted in my 1992 Lettuce article, one approach to resolving this conundrum has been the approach of definition by negation: The nonprofit sector is composed of organizations doing other than attempting to make a profit, etc. Since that article originally appeared, this problem has not been resolved, and in fact is further confounded by the extensive discussion and mounting evidence in the current literature of the problem of sectoral convergence. What is nonprofit and what isn’t, it would seem, are becoming increasingly blurred. That problem can best be approached, it would appear, by attempting to identify all of the options (an exhaustive typology, as it were) and delineating public procedures for assigning particular instances to one and only one of those types. At any rate, that is the approach undertaken here.

Initially, then, the problem of convergence is one of identification: Establishing which traits characterize which sector. Secondly, the problem is one of degree – establishing how much, or to what extent the trait applies to a given organization. Thus, for example, the non-distribution constraint is generally not a defining characteristic of Wall Street brokerage houses, for example, and its absence can be taken as a “marker” that such organizations may generally fall outside the third sector. Government bureaus, however, generally practice non-distribution by law and custom, and thus the constraint by itself is an inadequate test for distinguishing between government bureaus and third sector organizations. A more complete and exhaustive measurement system is required.

First is the problem of mission, identified in the commons theory of voluntary action as purpose. Second is the problem of resources or means. If the purpose of the investigation is merely to establish whether any organization is “in” the third sector, the final result is dichotomous regardless of the level of measurement involved. An organization will be judged to either be in the sector or not. In many instances today, highly complex measures like interval and cardinal scales such as dollar volume are being used merely to dichotomize in this way. By contrast, the convergence argument introduces the matter of degree of sector involvement and the consequent necessity that measurement beyond the level of simple dichotomy will be necessary. The measurement question is whether, in the case of an organization showing both market and public characteristics, one can assess and assign proportionate weights to the relative mix of these characteristics.

For purposes of this investigation, a cluster analytic approach is adopted. Four initial sectors (not three) are hypothesized, as in the commons

theory of voluntary action. A business (or market) sector and a governmental (or state) sector and a third sector, characterized by its own unique characteristics and not merely the absence of market or state characteristics. A fourth sector, called here the primary sector is also set forth, to differentiate mutual and self-help activity in the third sector, for example, from familial and peer group activity. Each of the four sectors is said to have a set of one or more key or defining characteristics (or primary cluster loadings), whose dichotomous presence or absence defines its location within the overall boundaries of that sector. Each of the four sectors may also display one or more secondary characteristics (or weak cluster loadings).

In the case of the market sector, for example, the key characteristic is deemed to be a pricing mechanism. In the case of the state it is the real potential for the use of force. In the case of the third sector, that defining characteristic is said to be mutuality. (Lohmann, 1992; Lohmann, 1996; Kimmel, 1997) In the case of the primary sector, it is said to be intimacy. Without this primary characteristic, one would be hard pressed to defend the claim that any given organization or group was “in” the corresponding sector in any meaningful way. Thus, a business organization which never bought or sold anything but merely gave goods away and accepted donations, for example, would not really be a market sector organization in any meaningful sense of that term. Thus, the first test that must be constructed in each case is a simple dichotomous test that will place any organization or unit within or outside of a sector.

Convergence will be operationally defined, in this instance, as a positive result for two or more of these sectoral tests. Thus, the board of a family-dominated cooperative in a rural community might simultaneously test high on price, mutuality and intimacy. It would therefore be judged to be simultaneously “in” the primary, common and market sectors and a suitable candidate for further investigation. Likewise, a monopoly industry in a company town might also test high on intimacy, along with price and force. Both of these would be considered examples of convergence.

The test of whether any particular organization (or organizational unit) is properly located “in” one or another sector on such a primary defining characteristic is insufficient, however, for assessing the degree of such involvement. To attempt to classify just on this basis alone misses much of the import of the concept of convergence. This interesting notion is grounded, in large part, on the empirical observation that many different types of organizations today display various clusters of primary and secondary characteristics from one or more sectors. Therefore, the second question which must be addressed is some way of identifying which characteristics and how strongly.

For this, we propose to adopt a standard social science measurement approach, the pentine, five-point or “Likert-type” scale. Such a scale, in this

point, offers us the opportunity to establish complete absence (with a score of 0), thus incorporating the earlier □dyadic (presence or absence) approach discussed above. It allows for distinguishing a slight presence (a score of 1) from a strong or saturation-level presence (a score of 5) of any of a number of traits. With an appropriately defined scoring mechanism of this type, we should be able to determine for any organization, which characteristics of which sectors it displays and in roughly what strength. Such a 5-point method also allows identification of an approximate mid-point or average level of the trait (score of 3) and two additional gradations: below average but still existent (score 2) and above average but not at a saturation level (score 4).

Table 1 below shows the first level of the measurement scheme proposed here. It identifies 20 distinctive traits of organizations (five for each of the four basic sectoral clusters). Each cluster is, to the maximum extent possible, separate and distinguishable both from the other clusters in its sector and from the clusters in the other three sectors. Thus, in some type of pure, ideal-typical world, it would be possible for separate organizations to display any of the pure types. The measurement procedure that is produced here is potentially quite complex. If one merely tracks the presence of these characteristics, it is possible to differentiate 399 distinct combinations. These range from the organization which is simultaneously “in” all sectors to the theoretically possible organization or group that is outside of all sectors. (It should be noted that this last possibility is, itself, a minimal test – the null hypothesis as it were – of the adequacy of the sectoral scheme. If even a single case of an organization not classifiable in any of the four sectors is located, it raises questions of the completeness of the sectoral scheme.<sup>2</sup>

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<sup>2</sup> This comment is explicitly directed at one of the generally weaknesses of much social science work. There is no way, for example, for the NTEE or its subsets not to apply, and as such questions of their validation are somewhat misplaced. The only questions they allow are where an organization fits in the overall scheme of things. The question of whether or not it fits at all can never be considered solely within the scheme itself.

Table 1. Four Sectoral Clusters

<i>Sector Name</i>	<b>Intimate</b>	<b>Common</b>	<b>Market</b>	<b>State</b>
<i>Alternative Label</i>	Primary	Association	Business	Government
<i>Sector-Defining Characteristic</i>	Intimacy	Mutuality	Price	Force
<i>Secondary Characteristics</i>	(Biological) Reproduction	Voluntarism	Product	Publicity
	Socialize Young	Mission	Exchange	Uncertainty
	Caregiving	Resources	Contract	Universality
	Privacy	Indiginity	Profit	Transfer of Office

### Alphabetical Listing of Theoretical Dimensions

It is important to note here that in addition to sector-defining characteristics and differentiating characteristics, the discussion below will eventually identify a third type of cluster. To illustrate and emphasize their autonomy, the 20 theoretical dimensions or clusters are presented initially in alphabetical order, rather than associated with the sectoral clusters on which they are theoretically predicted to load. The predicted cluster loadings, however, are shown in brackets at the end of each entry.

**Caregiving** – The support and maintenance of dependent, ill, wounded, weak, incapacitated infirm or other persons dependent upon others for their survival and basic needs such as food, clothing and shelter. [Primary]

**Contract** – A promise or set of promises, for breach of which the law offers a remedy, or the performance of which the law in some way recognizes as a duty. (Gifis, 97) [Market]

**Exchange** – The transfer from at least one person or group to one or more others of a tangible or symbolic object deemed of value by all concerned. [Market]

**Force** – The threat or risk of intentional or deliberate harm.  
[Government]

**Indignity**– Concern for or consideration of the needs and interests of insiders or members of a group or society (“us”) to the exclusion of thought or concern for the interests of those outside (“them”).  
[Association]

**Intimacy** – Social situations allowing for unguarded, spontaneous expressions of one’s “true self” or “the real me”. [Primary]

**Mission** – Collective intent or purpose shared by a group or plurality of persons and deliberately stated or attributed to them.  
[Association]

**Mutuality** – “We-ness” or fellow-feeling. [Association]

**Price** – The objective assignment of value or importance. Often closely related to contracts in the sense that the offer of a good or service at a price may provoke or more counter-offers prior to an agreed upon purchase price (or contract for sale). [Market]

**Privacy** – Conscious limitations of a social situation or interaction imposed to restrict knowledge or limit awareness of something. (The absence of privacy is not treated as publicity in this cluster.) [Primary]

**Product** – Identifiable or recognizable goods, services or other results of combined or coordinated effort. [Market]

**Profit** – The deliberate measurement of costs and returns in a manner designed to determine differences or remainders, combined with procedures for distributing those remainders to investors, owners or stakeholders. [Market]

**Publicity** – Of concern to, known by or affecting everyone. (The absence of privacy is not treated as publicity in this scale. “Indifference” is a name for the particular condition characterized by high-publicity/low-privacy ) [Government]

**Reproduction** – The behavior and social acts associated with biological reproduction of the human species: such events and activities as conception, pregnancy, childbirth, and nursing.  
[Primary]

**Resources** – Things that are consumed or used to create or produce other things. [Association]

**Revenue** – The extent to which the act of carrying out organized activity generates new resources. This dimension is explicitly conceptualized as a continuum whose ends are in the market sector (exchange) and the commons (mission).

**Socialization** – The behavior and social acts associated with child-rearing, such as learning a language, appropriate behavior (norms) and a moral code (rights and wrongs). [Primary]

**Transfer of Office** – The assignment of a group of recognized and defined duties or responsibilities from one person or group to another. [Government]

**Uncertainty** – Doubt as to causation or other circumstances capable of limiting or restricting action. [Government]

**Universality** – Of or applying to all. [Government]

**Voluntarism** – Action in the absence of constraint or limit or choice made without coercion. [Commons]

### Scale Construction

Each of the clusters involved in this investigation may, ultimately, be the topic or focus of its own scale consisting of sub-clusters and individual items. However, initially, for purposes of this investigation, we will proceed on the assumption that each dimension can be uniquely measured by a single Likert-type item. If this process proves unworkable, each of the 20 items in the overall scale could easily be replaced with a multi-item scale measuring the domain in question. (Thus, for example, in the field of gerontology there are several multi-item care-giving scales that measure the same domain as the single item put forth here. Those which yield a single, summary, score could easily be substituted for that item without violating the logic of the theoretical cluster structure set forth here.

Meanwhile, each of the 20 items can be fitted with a zero-point of theoretical significance and a pentine scale as follows:

## **Caregiving**

- 0 – No concern for caregiving of any type in evidence
- 1 – Little or no social support
- 2 – A little bit of support and care-giving
- 3 – Some social support and care-giving
- 4 – A fair amount of support and care-giving
- 5 – Highly supportive environment

## **Contract**

- 0 – No contracting of any type for any reason
- 1 – Rare or very infrequent use of contracting; no generally recognized remedies or rights
- 2 – Incidental use of contracting; limited remedies & recognized rights
- 3 – Some contracting; procedures for defining remedies & rights
- 4 – Extensive use of contracting; clear remedies & rights
- 5 – Everything is handled only by contracting

## **Exchange**

- 0 – No formal mechanisms for exchange
- 1 – Ill-defined or informal exchanges only
- 2 – Limited use of barter
- 3 – Clear, well-established procedures or means of exchange
- 4 – Price-based exchanges but no formally established markets
- 5 – Established markets

## **Force**

- 0 – Force not a factor in the organization at any time
- 1 – Rare or infrequent reliance on force
- 2 – Incidental use of force
- 3 – Force, coercion or threat of violence sometimes present
- 4 – Elements of force, coercion and threat strong in most cases
- 5 – Actions and processes invariable enforced by the use of force

## **Indigency**

- 0 – No concern for us or them
- 1 – Strong concern only for “us”
- 2 – Slight concern for “them” but mostly for “us”
- 3 – Balance of concern for “us” and “them”
- 4 – Some concern for “us” but mostly for “them”
- 5 – Strong primary or exclusive concern for “them”

## **Intimacy**

- 0 – Absolutely all information is subject to public disclosure
- 1 – No one ever lets “the real me” show here
- 2 – There’s a lot of posturing and role-playing here
- 3 – There is some opportunity for sharing of intimate secrets or details of one’s real self
- 4 – There are many opportunities for revealing the real you here.
- 5 – This is the sole or principal venue of primary confidants

## **Mission**

- 0 – Questions of shared mission, focus or purpose are irrelevant
- 1 – Everyone pursues their own self-interest all the time.
- 2 – Occasional or incidental focus on shared mission, focus or purpose
- 3 – Sometimes people do their own thing; sometimes shared mission
- 4 – Occasional evidence of self-interest; mostly shared purposes
- 5 – People always act on the basis of a very strong sense of shared purpose

## **Mutuality**

- 0 – It’s “Every man for himself” in this organization
- 1 – People get as minimally involved as possible.
- 2 – Limited or occasional we-group sense
- 3 – There is some we-group feeling in the organization, part of the time.
- 4 – There is usually a we-group feeling in the organization
- 5 – There is always a strong we-group feeling in the organization

## **Price**

- 0 – The value of nothing is estimated, determined or established.
- 1 – A few goods are bought or sold but there are no procedures for establishing prices.
- 2 – Some goods are bought and sold with limited procedures for setting prices.
- 3 – Some goods are bought or sold at established prices
- 4 – Most goods are bought and sold at established prices.
- 5 – All goods and services are bought and sold at established prices.

## **Privacy**

- 0 – Everything is public (E.g., city streets)
- 1 – Very little opportunity for privacy (E.g., small towns)
- 2 – Occasional, limited opportunities for privacy
- 3 – Some opportunities for privacy
- 4 – Frequent opportunities for privacy, as needed

**5** – Everything here is private and hush-hush (E.g., Swiss bank)

**Product**

**0** – Impossible to determine product or quantity.

**1** – Possible to determine product but not quantity, or vice versa

**2** – Possible to determine some products or quantities

**3** – Produces a product, but determination of quantities produced is difficult

**4** – Possible to determine most products and quantities

**5** – Distinct, recognizable (definable) products, the exact quantity of which can be readily determined

## **Profit**

- 0** – There are no established procedures for determining resource outflows, inflows, costs and resource surpluses.
- 1** – Profits are determined and distributed, but only haphazardly
- 2** – Profits are determined and distributed to owners/shareholders.
- 3** – Some distribution constraints, but strictly informal and normative
- 4** – Formalized distribution constraints, but without sanctions
- 5** – Legal and other formalized distribution constraints preventing the distribution of profits combined with strong legal sanctions.

## **Publicity**

- 0** – There are no recognizable goods involved
- 1** – Private goods, affecting a few
- 2** – Private goods affecting many
- 3** – Common goods, affecting some
- 4** – Common goods affecting many
- 5** – Public goods, affecting everyone

## **Reproduction**

- 0** – The question of human reproduction is irrelevant.
- 1** – No formalized recognition of human reproduction of any kind
- 2** – Highly limited or selective recognition of human reproduction
- 3** – Some, limited recognition of human reproduction
- 4** – Extensive recognition of reproduction; limited roles and institutions
- 5** – Strongly established roles, institutions (E.g., motherhood and child care)

## **Resources**

- 0** – There are no recognizable resources involved in this situation
- 1** – A few recognized resources but no established procedures for transfer or use.
- 2** – Procedures for recognizing, use and transfer of resources can be negotiated
- 3** – Some established procedures for recognizing, using and transferring resources
- 4** – There are established procedures for use and transfer of a wide variety of recognized resources
- 5** – Formalized budgeting or other established procedures for recognizing, using and transferring resources.

## **Revenue Basis**

- 0** – No attempt to measure or track resources.
- 1** – Support is entirely generated by unrestricted gifts & donations
- 2** – Support is a mixture of unrestricted and restricted gifts and donations
- 3** – Resources are a mixture of support and revenues.
- 4** – Resources are primarily revenue-based from a few sources.  
(oligopsony)
- 5** – Resources are revenue-based from a large number of independent suppliers. (market)

## **Socialization**

- 0** – There are no formalized roles or established behavior to be learned in this situation
- 1** – There are no procedures or institutions for socializing new participants in this organization.
- 2** – There are only a few cases in which expectations are clearly transmitted, or most of them are informal.
- 3** – There are some formal socialization procedures
- 4** – Most expected behavior in the organization is spelled out and taught
- 5** – There are clear, well-established procedures for teaching and learning appropriate behavior in the organization

## **Transfer of Office**

- 0** – There are no defined offices or positions in this situation
- 1** – A few recognized offices or positions but no formal definitions or recognized procedures for transfers of office.
- 2** – A significant number of at least informally defined offices or positions but transfers occur on an ad hoc, case-by-case basis
- 3** – There are established procedures for transfer of some offices and some formalized definitions of office or positions.
- 4** – There are established procedures for transfer of most offices and formalized definitions of most office or positions
- 5** – There are established procedures for transfer of all offices and formalized roles

## **Uncertainty**

- 0** – Certainty is not a characteristic that has any bearing in this situation
- 1** – The causes of everything that occurs in this organization are clear and straightforward
- 2** – Most things are certain
- 3** – Some things are certain and some things are not
- 4** – A few things are certain, but there are large areas of uncertainty

**5** – Nothing is for sure in this situation; everything is a gamble

### **Universality**

- 0** – No generalizability at all
- 1** – Particularity. Applies only to this situation.
- 2** – Applies only to the present situation and a few other, closely related situations
- 3** – Applies to a variety of situations
- 4** – Applies to many situations, but there are at least some obvious, recognizable exceptions
- 5** – Applies to all situations of this type without exception

### **Voluntarism**

- 0** – Actors in this situation simply have no choice or volition whatsoever.
- 1** – Actors in this situation have very little choice.
- 2** –
- 3** – Actors in this situation are sometimes able to exercise choice/control over all aspects of their behavior.
- 4** – Actors in this situation are usually able to exercise a high degree of choice/control over most aspects of their behavior.
- 5** – Actors in this situation can exercise complete choice/control over all aspects of their behavior.

### **Organizational Levels**

These twenty elements or clusters can be used or applied at a variety of organizational levels from an entire industry or clustering of similar organizations to specific small groups within a organization. For purposes of this measurement schema, we will assume the existence of five levels of organization to which this scoring procedure might be applied: *industries*, or sets of all organizations assumed or shown to be pursuing similar missions, goals or purposes; *enterprises*, are legally constituted or defined organizational entities (e.g., corporations; associations, etc.); *divisions* are the major sub-units of enterprises; *departments* are the minor sub-units of enterprises (or, the major sub-units of divisions; and *work-groups* are the major sub-divisions of departments. There is no reason intrinsic to this research effort to assume any particular hierarchies, authority or responsibility patterns or other relations between these five units, or even the necessary existence of all five.

Although the use of these five terms is obviously more appropriate in the context of some sectors (e.g., business/market) than others (e.g. family/intimate) the intent here is to create a sector-independent reference.

Extended families of a specific ethnicity (E.g., African-American or Irish) may demonstrate industry-level characteristics just as firms do. Thus, the Irish-Catholic schoolgirl is at least as much a typical “product” of that ethnic-religious context as the telephone or the can of soup.

The utility of this distinction should be immediately obvious to most observers. The NTEE, for example, is frequently used for distinguishing among various nonprofit or third sector industries. Articles of incorporation, by-laws and mission statements are enterprise level documents commonly in use in both third sector and commercial enterprises. Organizational charts are commonly used graphic devices for distinguishing division, department and work-group level organization.

The principal value of making these distinctions is to allow for an important recognition that is currently woefully absent in the present theoretical literature: that is, the theoretical possibility of a sub-unit of a different sectoral type within an existing organization. At the industry level, while the professional football industry may generally be a market-based one, the Green Bay Packers are a notable standout as a nonprofit franchise, owned by the citizens of Green Bay. At the enterprise level, although the very definition of a museum (as opposed to an art gallery, for example) incorporates the condition of non-profit status, many contemporary museums incorporate commercial divisions in their book stores and gift shops. Likewise, many market-based corporations include as part of their overall organization a non-profit, tax-exempt division in the form of the company foundation. Likewise, public and private non-profit universities alike have “research corporations” and other divisions established on for-profit grounds. Finally, at the work group level, one of the classic examples is found in Stouffer’s classic sociological study, *The American Soldier* (1949). Although armies at the enterprise level are organized on a command-and-control basis and are, in many respects, the prototypical examples of one form of the bureau ideal type. Yet, at the infantry squad level under combat conditions, this work group is much more likely to be organized more like commons.

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