

9 TOWARD A GOVERNANCE FRAMEWORK FOR GOVERNMENT-NONPROFIT RELATIONS

Nicole P. Marwell and Maoz Brown

MODERN THEORY ON GOVERNMENT–NONPROFIT relations arguably begins with a paper by economist Burton Weisbrod titled “Toward a Theory of the Voluntary Nonprofit Sector in a Three-Sector Economy.” Presented in 1972 at the Russell Sage Foundation’s Conference on Altruism and Economic Theory, the paper put forward an explanation of the nonprofit sector as an institutional response to unmet demand resulting from limitations on governmental provision of public goods. The paper would later be expanded into a book-length treatise titled *The Voluntary Nonprofit Sector*, a seminal contribution to research on the nonprofit sector.

This historical background is instructive for two reasons. First, as is evident in the title of Weisbrod’s 1972 conference paper, theory on government–nonprofit relations is informed heavily by a sector-based model of society, which tends to emphasize similarities among organizations within sectors and distinctions among organizations across sectors. Second, if we start the clock at 1972 with the presentation of Weisbrod’s paper, then research on government–nonprofit relations now has nearly half a century of theorizing behind it. During this time there has been ample critique, revision, and expansion of sector-based theories on government–nonprofit relations. We argue in this chapter, however, that sector-based theorization also has obscured larger trends and important details in how government and nonprofit organizations now engage with each other both to provide services and to shape policy. Newer strands of research on this intersection attempt to explain government–nonprofit interaction less by recourse to sectoral distinctions and more by engaging the details of specific social contexts and policy domains. In doing so, this research moves us toward a framework for analyzing government–nonprofit relations most aptly described as *governance*.

Sectoral Analysis of Government-Nonprofit Relations

The sectoral view of government–nonprofit relations has been instrumental in establishing nonprofit organizations as important objects of social scientific analysis. Thanks to the theoretical and empirical work in this tradition, the important roles played by nonprofits in conducting the public’s business have been clearly established. Nonprofits engage with

government in multiple ways to provide a wide range of public services, as well as to influence and implement new approaches to public policy (Smith and Grønbjerg 2006).

Sector-based approaches to government-nonprofit relations are motivated by a core set of questions. First, pursuing the line of inquiry originated by Weisbrod, if government's function is to solve problems of public goods production, then why do nonprofit organizations exist at all? Answers to this question, which focus on nonprofit service provision, include theories about the sector's role as supplementary, complementary, and competitive to government (e.g., Najam 2000; Young 2000), as well as both supply-side and demand-side explanations of nonprofit service activity (Ben-Ner and Gui 2003). A second question raised by a sectoral framework is whether nonprofits reflect a basic social practice of voluntarism, as distinct from government's uniquely coercive power. Here it is important to acknowledge the common conception of nonprofits as "tangible, significant manifestations of community" (Smith and Lipsky 1993:22), as contrasted with government's reliance on legal mandate and official protocol (Brinkerhoff and Brinkerhoff 2002; Brown 2018). These presumed distinctive sectoral orientations lead to a third fundamental question: What are the unique societal roles played by government versus nonprofit organizations? Although there is certainly evidence that this kind of division of labor exists, a fourth sector-based question begins to trouble this line of thought: What factors make government versus nonprofit auspice matter? This question acknowledges that a sectoral framework may not be useful in all cases, and research has examined possible reasons for deviation from a sector-rooted division of responsibility. This line of inquiry opens a path toward a governance framework for government-nonprofit relations.

A Governance Framework for Analyzing Government-Nonprofit Relations

The term *governance* has enjoyed growing currency in a range of research fields, so much so that Christopher Pollitt and Peter Hupe (2011) dub governance a "magic concept" because of its broad scope, flexibility, and typically positive association. This may seem a charitable way to suggest that the word has been stretched past its useful limits, yet governance has shown impressive persistence in the lexicons of management, public administration, and cognate disciplines. Gerry Stoker (1998) writes that among researchers in these fields there is "baseline agreement that governance refers to the development of governing styles in which boundaries between and within public and private sectors have become blurred" (17). In this sense, the idea of governance has been applied to a broad range of governing contexts, including not only relations between government and the private sector (e.g., Salamon 2002), but also the workings of corporate boards (e.g., Browning and Sparks 2015), the development and monitoring of international multilateral agreements (e.g., Hale and Held 2011), and the exercise of authority over cities (e.g., da Cruz, Rode, and McQuarrie 2019; van den Dool et al. 2015; Pierre 2014) and regions (e.g., Riggirozzi and Wylde 2018).

In a recent synthesis of urban governance research, Nuno da Cruz and colleagues (2019) posit that as an analytical framework, governance "does not require a priori assumptions about the roles of the various actors regarding goal setting, steering, and implementation. Rather, it emphasizes the relationships and interactions between these actors as well as the conditions and rules that frame those relationships and interactions" (1–2). We agree

and argue further that this approach to governance is useful beyond the study of cities. Indeed, we draw heavily on da Cruz and colleagues to define a governance framework for government–nonprofit relations as *the relationships and interactions between government and nonprofit organizations, as well as the conditions and rules that frame them, that give rise to goal setting, steering, and implementation regarding public issues* (see da Cruz et al. 2019; Pierre 2014). This definition captures the reality of today’s government–nonprofit relations, in which a highly diverse nonprofit sector, engaged in multiple ways with complex state systems, cannot be adequately described with sweeping sectoral claims. Instead, we argue that sectoral distinctions should give way to a scoping of institutional conditions, street-level decisions, and interorganizational relations, thereby yielding a more fruitful empirical accounting of government–nonprofit relations as they occur presently. Although few studies to date have delivered such a complex, multilevel approach, we believe it offers a useful road map for researchers seeking to advance our collective understanding of these issues.

One of the key analytical advantages of a governance framework is that it moves us beyond “reified concepts of the state as a monolithic entity, interest, or actor” (Bevir 2011:1). A governance framework thus takes as given that public and nonprofit organizations are deeply engaged with one another, dynamically creating organizational forms and mechanisms to address public issues. This approach allows researchers to empirically identify the multifaceted practices of a wide variety of state actors, including legislators who produce laws; rule-making bodies that codify statutory implementation; and executive agencies that engage in consultation, contracting, and other collaborative governance procedures. This breaking apart of “the state” into its multiple loci of action illuminates the numerous points of contact between nonprofit organizations and government, including advocacy and lobbying for policy development, as well as more collaborative implementation of a wide range of publicly supported services.

Recent research on service provision, for example, examines how jointly produced services—including public education, child protection, low-income housing, and health care—are planned, funded, delivered, consumed, and evaluated across government and nonprofit organizations (e.g., Boris and Steuerle 2017). Similarly, studies of public policy development examine how legislation and administrative rule making are filtered through and influenced by not only traditional interest groups and lobbyists but also a wealth of nonprofit organizational forms: advocacy groups, social welfare organizations, intermediary agencies, cross-sector coalitions, public-private partnerships, and similar entities (Clemens and Guthrie 2010).

Although many recent studies of both service provision and policy influence explore the pragmatic reality of government–nonprofit relations, only some explicitly invoke the concept of governance. Others take what we see as an implicit governance approach, pursuing a nonessentializing identification of the relevant actors and processes that structure a mode of service provision or policy process. We draw these studies together under our governance framework because they all display an increased attention to specific institutional arrangements that are unique to neither nonprofits nor government, as well as less reliance on a notion of the state as a unitary and discrete actor. These commonalities presage a growing continuity across the multiple disciplinary engagements with

government–nonprofit relations. We thus propose governance as a unified analytic framework for these phenomena.

Focused attention to the details of governance raises the possibility of an analytical trade-off between a clearer empirical accounting of the dynamic reality of government–nonprofit relations and the higher-level theoretical propositions offered by a sectoral approach. At the same time, however, a shift to a governance framework allows for consideration of a new set of questions that better illuminates the stakes of ongoing changes in how government and nonprofits engage one another on behalf of the public. Recent research raises and frames these new questions in a largely patchwork fashion. Depending on scholars' disciplinary roots—in law, public administration, sociology, political science, geography, public policy, and so on—there is more or less recognition of certain key aspects of governance. In our review of this work, we draw these somewhat disparate approaches together to identify three different analytical orientations at play in a governance approach to government–nonprofit relations.

First, a number of studies address the *institutional conditions* shaping the possibilities for and prohibitions on how governments and nonprofit organizations engage each other on either service provision or policy development and implementation. Second, some studies illuminate how the *motivations of individuals* at work in government agencies and nonprofit organizations play out in the development and maintenance of governance. And finally, some of the most influential studies of governance examine the *interorganizational relationships* constructed between governments and nonprofits.

The multiplicity and malleability of governance raises a set of normative concerns of which research on this topic should be cognizant. The public–private nature of governance cannot assume clear representation of the public interest, even when the private partner is a nonprofit organization (as opposed to a profit-seeking firm). Indeed, much governance research raises the question of whether diffuse, distributed, and at times emergent arrangements for addressing public issues offer adequate protection for individuals and groups subject to the power of state actors or their empowered nonstate associates. We thus identify four areas of normative inquiry that a governance framework suggests are important for understanding government–nonprofit relations in the present period: fairness, effectiveness, accountability and legitimacy (cf. van den Dool et al 2015).

First, as government and nonprofits interact with each other to co-produce services or policy, how can we understand the level of *fairness* of governance outcomes, that is, who might be advantaged or disadvantaged by them? Second, to what extent does the pursuit of *effectiveness* drive governance? Do these arrangements deliver on their promises? Third, how does governance produce *accountability*, the giving and evaluating of accounts across multiple levels and time scales and in relation to a wide range of audiences? And finally, given that the power of governance stems in part from its perceived *legitimacy*, what are the expectations of various stakeholders for how governance should be carried out?

As we discuss later in the chapter, these normative concerns can appear at any level of analysis in governance research, and all are key to the maintenance of public trust. They are indeed the critical stakes of the move “from government to governance” (Rhodes 1996; Stoker 1998), which diffuses the public's ability to identify, monitor, and weigh in on the ever-more complex decision-making processes carrying the weight of state power. Keeping

these normative concerns in focus also should help us maintain sensitivity to our own normative partialities. In particular, we recognize a potentially significant divide between democratic and authoritarian regimes on the interpretation of fairness, effectiveness, accountability, and legitimacy. For example, effectiveness may equate to inclusiveness in one regime and the suppression of dissidence in another; legitimacy may mean democratic mandate in one setting while in another it may mean toeing the party line. Our framework thus declines to set standards for what any of these normative concerns should aspire to, but rather elevates them as issues for investigation in future research.

The chapter proceeds as follows. In the next section, we briefly review the dominant sector-based approaches to government–nonprofit relations. We then touch on recent work that posits the blurring of boundaries across the traditional three-sector model of society (market, state, third sector) in order to contextualize our subsequent discussion of governance. The chapter then develops the governance framework through a review of recent literature that examines government–nonprofit relations at the levels of institutions, individual motivations, and interorganizational relations. We conclude with a call for more deliberate attention to a governance framework, on the grounds that it more accurately represents the present-day empirical reality of government–nonprofit relations than does a sector-based view and also would afford a structure within which cross-disciplinary work on this topic might move toward greater familiarity and coherence.

A Cursory Review of Sector-Based Perspectives

Economic Perspectives on Government–Nonprofit Relations

At the center of sector-based theory on the nonprofit sector is a set of predictions about how certain organizational forms come to occupy market niches according to sector-specific comparative advantages in meeting consumer/citizen demand. The historical point of departure for this line of inquiry is Weisbrod's groundbreaking work on demand-oriented drivers of nonprofit sector formation and growth. In this account, nonprofits fill a gap left by the private and public sectors in the provision of public or quasi-public goods. Profit-driven businesses fail to generate sufficient levels of public goods because these goods are nonexcludable and nonrival, thus incentivizing consumers to avoid paying for services (the well-known free-rider problem) and making it difficult or impossible to charge fees at a level sufficient to cover the costs of production (Weisbrod 1975).

With the advantage of compulsory taxation, government can provide such goods but will remain beholden to median-voter preferences, thus failing to meet heterogeneous or peripheral demand and creating an opportunity for communities and entrepreneurs to meet neglected need through nonprofit enterprise. Thus, under Weisbrod's theory of public goods provision, nonprofits marshal voluntary contributions of money and time to compensate for the joint failure of the private and public sectors to provide optimal levels of collective goods (Kingma 1997).

Henry Hansmann (1980) advanced a complementary view of the nonprofit sector's compensatory function in his theorization of *contract failure*, which occurs when profit-driven businesses exploit information asymmetries by shirking on service quality in order to cut costs. Hence, given certain competitive conditions, the free market is expected to

undersupply products and services that are difficult for consumers to evaluate, since consumers will be wary of potentially unscrupulous business owners. Because nonprofit organizations are prohibited by law from distributing profits to owners, they are presumably less incentivized to cut costs and, therefore, less susceptible to contract failure. Accordingly, as Hansmann argues, nonprofit legal status serves as a signal of trustworthiness, thereby reducing transaction costs for vulnerable consumers. Of course, government agencies also face the “nondistribution constraint” and, as a result, may be trusted over for-profit corporations in the face of information asymmetries, but government may not be able to provide adequate levels of service across the demand spectrum, as Weisbrod argued.

Lester Salamon (1987) offered an early and influential innovation on prior theory by questioning the derivative characterization of the nonprofit sector, suggesting that nonprofits do not emerge only to correct for the shortcomings of business and government but rather play a primary role in public service provision. Reversing Weisbrod’s theoretical sequence, Salamon argued that nonprofit service provision tends to *precede* government involvement, and that government agencies later enter the arena to correct for “voluntary failure,” or the characteristic limitations of nonprofits: insufficiency, particularism, paternalism, and amateurism. A key principle of Salamon’s theory of voluntary failure is that the strengths and weaknesses of the public and nonprofit sectors often correspond well, a complementarity that leads to co-production of public goods. Thus, Salamon provides a theoretically grounded explanation for the extensive contracting arrangements between government agencies and nonprofit service providers found in the United States and in other countries with large and developed nonprofit sectors.

Taken together, Weisbrod’s elaboration of government failure, Hansmann’s of contract failure, and Salamon’s of voluntary failure constitute the seminal *three failures theory* of nonprofit emergence and function (Steinberg 2006). These theories traditionally have focused on the ways in which government and nonprofits supplement or complement each other in meeting the demand for public goods.

Civil Society Perspectives on Government-Nonprofit Relations

Between the publications of the first (1987) and second (2006) editions of this volume there was a substantial increase in scholarship on civil society and social capital, much of which valorizes the role of the nonprofit sector in promoting civic vitality and communal fellowship (Barber 1998; Dionne 1998; Putnam 2000). Whereas economic models of the nonprofit sector focus on transaction costs and service provision, civil society models call attention to the “expressive” functions of nonprofits as sites where individuals can pursue their interests and manifest their values through community-building and political engagement (Anheier 2009; Frumkin 2002; Knutsen and Brower 2010). Often labeled *neo-Tocquevillian*, this scholarship evokes and frequently references Alexis de Tocqueville’s famous observations of American society in the early nineteenth century, which led the French aristocrat to tout the American propensity for forming associations as a key ingredient in the young democracy’s vibrancy and apparent stability.

Unfortunately, much of Tocqueville’s emphasis on the critical role of state structures in fostering civil society was lost in the communitarian scholarship of the late 1990s.¹ By arguing that civil society exists “outside the state,” authors often overlooked the complex

interplay between voluntary association and government (Chambers and Kopstein 2006). Scholars on the conservative end of the political spectrum have been especially inclined to present civil society and government as separate and even antithetical categories, typically suggesting that an expanding state crowds out civic life (Berger and Neuhaus 1996; Olasky 1992; Schambra 1997). Although certain communitarian writers have been more optimistic about the state's role in fostering civil society, their view of government involvement has focused rather narrowly on community service programs and other means of promoting engagement with nonprofits (Baas 2013; Frumkin and Jastrzab 2010). This approach essentially reinforces the idea of the nonprofit sector as a distinct space for civic engagement.

Similarly, scholars writing on social movement nonprofits have generally viewed government circumspectly, often assuming that collaboration with government undermines the advocacy role of nonprofits. In particular, government funding of nonprofits has long drawn critical attention from scholars concerned that such funding may incentivize recipients to soften or scale back contentious political activity in order to maintain contracting relations with public agencies (Nowland-Foreman 1998; Smith and Lipsky 1993; Wuthnow 1991). The reason for such concern is intuitive: the resource dependence resulting from reliance on public-sector funding may alter organizational priorities such that nonprofits are responsive to government objectives rather than to the particular communities they have been established to serve and represent.

State–Society Relations and the “Blurring” Motif

As detailed previously, sector-based perspectives on government–nonprofit relations tend to ascribe distinct roles and purviews to governmental and nonprofit organizations. As Smith and Grønbjerg (2006) summarize, “While the market and civil society approaches recognize that government may impinge on or otherwise undermine the distinctive values of nonprofit organizations, fundamentally, nonprofits are seen as different from government” (236). This presumption of sectoral difference reflects a popular conception of society as a compound of institutional principles embodied in discrete domains: “hierarchical control” in the state, “dispersed competition” in the market, and “spontaneous solidarity” in the community (Streeck and Schmitter 1985). With its origins in Max Weber's pioneering contributions to political sociology, this view of state–society relations is premised on an image of the state as a highly bureaucratic, centralized, and autonomous administrative apparatus. Accordingly, as Jefferey Sellers (2011) remarks, “Analysts in the field have characteristically presumed a sharp analytical distinction, if not always an actual separation, between the state and society” (124).

More recent research casts doubt on the explanatory utility of the conventional state–society dichotomy and the related tripartite classification of business, government, and nonprofit. Scholars increasingly find that sectoral functions and purviews are quite variable, depending largely on political structure, issue area, geography, and other factors. This framing of sector as a politically and culturally contingent category aligns well with a long-running skepticism regarding the usefulness of the sector concept. Indeed, among the original questions in this field of research is whether sectoral affiliation is associated with significant differences in organizational behavior at all (Clarke and Estes 1992; Gray 1986; Krashinsky 1998). Findings on organizational differences by sector have been mixed

and highly context-specific; however, even when sector predicts differences, organizations of the same type—for example, hospitals, schools, nursing homes—have many commonalities no matter their sectoral auspice (Kramer 2000:5).

In addition to the difficulty of generalizing about government–nonprofit relations across the many different types of nonprofit organizations, scholars have noted a “blurring of boundaries” whereby organizations in one sector adopt forms and functions typically associated with organizations in another sector (Bromley and Meyer 2017). The growing marketization of government funding (Smith 2012), the entry and proliferation of for-profits in formerly nonprofit-dominated markets (Marwell and McInerney 2005), and the expanding influence of business principles and discourse (Hwang and Powell 2009) have pressured nonprofits to adopt the methods, rhetoric, legal structures, and in some cases goals of for-profit enterprises (Eikenberry and Kluver 2004; Maier, Meyer, and Steinbereithner 2016; Sanders and McClellan 2014; see also Mosley, Chapter 10, “Social Service Nonprofits”). Cross-national comparisons also demonstrate the fuzziness of the nonprofit/business boundary, as profit-returning organizations such as cooperatives and mutual associations make up a central component of the third sector in many countries (Salamon and Sokolowski 2016). At the same time, businesses appear to be adopting features of the nonprofit sector as they face growing accountability pressures (Dobbin 2009), and the global rise of firms that use market mechanisms to pursue social goals also testifies to the growing complexity of “the space between the state and the market” (Knutsen 2016:1563).

Scholars also have paid attention to the porous boundaries between government and nongovernmental organizations (NGOs). The most concrete cases are the so-called GONGO (government-organized nongovernment organization) and QUANGO (quasi-governmental nongovernment organization), nonprofit entities founded by government as a means to devolve official decision-making capacities and/or to garner the legitimacy associated with grassroots, community-based organizations (Cumming 2010). Beyond these kinds of organizations, an extensive record of scholarship documents the scale and importance of “hybrid” or “collaborative” arrangements, in which state policies are formulated and implemented by networks of government and nongovernment actors (Ansell and Gash 2008; Bevir and Rhodes 2011:203; Hall and Kennedy 2008; Heinrich, Lynn, and Milward 2010; Milward and Provan 2000; Stoker 1998). With the apparent rise in such cross-sector collaboration, scholars have put forward more nuanced conceptions of the state and its boundaries, recognizing that “states are not monoliths cleanly divisible from social environments so much as they are complex entities extensively entangled with their broader societies” (Mayrl and Quin 2016:3). Of course, such interpretations of the state do not align well with the image of cleanly separable government and nonprofit sectors.

Although literature on the blurring of sectoral boundaries helps make the case for moving toward a governance framework for understanding government–nonprofit relations, we do not wish to dispense with sector as a useful analytic category. Properly contextualized, sector can remain a useful approach to studying government–nonprofit relations. For example, there is some evidence that sector can explain (albeit imperfectly) important differences in organizational behavior and performance (Rosenau and Linder

2003), and that the nonprofit category may accurately signal social mission orientation (Child, Witesman, and Spencer 2016; Handy et al. 2010; Witesman and Fernandez 2013). We thus put forward the governance framework as a way to shift analytical emphasis toward contextual criteria, thereby making room for nonsectoral analysis as well as potentially enhancing the explanatory value of sectoral affiliation.

As noted earlier in the chapter, only a subset of recent research on government–nonprofit relations explicitly claims the term *governance* as a key orienting principle. In the remainder of this chapter, we attempt to weave together literature evidencing both explicit and implicit connections to a governance framework, thereby providing a more robust review of relevant research findings. We have selected studies for their ability to shed light on at least one analytical orientation in governance research: institutional, individual, or interorganizational. Although specific studies may speak to more than one of these categories, we emphasize only one aspect of any such study. In addition, we note how studies in each of these categories may speak to the four important normative concerns faced by governance researchers.

Neo-Institutionalism and Governance

A governance framework is built in part on the need to address the distinct legal frameworks, cultural milieus, and political environments in which nonprofit organizations exist in order to make sense of how nonprofits cooperate and/or compete with public actors. Among theoretical approaches to this critical task of contextualization, neo-institutionalism stands as an especially fitting strategy, as it concerns itself with what our governance definition refers to as the *rules and conditions surrounding* government–nonprofit relations in specific domains.

Early institutionalist writing focused on intraorganizational structures and processes, with a characteristic emphasis on the interplay of individual interests and strategic decision making (e.g., Selznick 1949). Later institutionalist writing—known as neo-institutionalism—is recognized for shifting focus to broader cultural systems and beliefs that constitute actors and channel their actions (DiMaggio and Powell 1991). Most importantly for the purposes of this chapter, neo-institutionalism is known for its typically “macro, structural perspective,” which is oriented to the wider environment in which organizations operate (Hallett and Ventresca 2006:214). Accordingly, a neo-institutionalist approach to governance highlights the ways in which society’s cultural and legal prescriptions for political process, public goods provision, and civic activity shape government–nonprofit relations. In particular, a neo-institutionalist analysis of governance addresses the three pillars of institutions (Scott 2014): the *regulative*, *normative*, and *cultural–cognitive* aspects of social organization. This level of analysis also grants leverage on the following critical normative questions: Regarding *fairness*, what rules and norms exist to ensure that privileges enjoyed by government agencies and nonprofit organizations are balanced by obligations to the public? Do legal regulations and professional best practices promote government and nonprofit transparency and *accountability*? How are criteria for determining the *effectiveness* of governance arrangements established across different national or regional contexts? Finally, how do societal-level expectations for *legitimate* government and nonprofit action enable (or constrain) governance relationships?

Laws and Regulations

Regulative features of institutions comprise rule-setting activities that generate both positive and negative incentives for actors. Notably, W. Richard Scott (2014) observes that “economists, including institutional economists, are particularly likely to view institutions as resting primarily on the regulatory pillar” (60). Despite this predilection, however, a major shortcoming of classic sector-based economic perspectives on the nonprofit sector is that they neglect government’s ability to modify regulatory environments in ways that may significantly affect nonprofit behavior and distinctiveness (Faulk 2014).

As an example of how government’s regulatory ability can alter the roles and uniqueness of nonprofits, consider the 1965 amendments to the Social Security Act that created Medicare and Medicaid in the United States. This legislation made medical services affordable to millions of poor Americans, “thereby diminishing the redistributive rationale for nonprofits” and setting the stage for substantial growth among for-profit hospitals (James 1998:274). In other words, changes in the U.S. regulatory environment made medical care an entitlement financed by the state rather than a charitable service underwritten by donors, thus rendering nonprofit status less important as a predictor of serving the poor. Furthermore, the 1965 amendments also enacted a variety of “conditions for participation” that service providers must meet in order to take part in these programs, thus reducing the value of nonprofit status as an indication of trustworthiness (as predicted by contract failure theory). For this reason, it is perhaps unsurprising that nonprofit hospitals and nursing homes often do not even bother conveying their legal status to consumers (Malani and David 2008).

A neo-institutionalist governance framework can effectively explain these types of transformations because it eschews broad generalizations about whether or how auspice affects organizational behavior, instead focusing on how specific contextual conditions modulate nonprofit activity and relations with government. A more contemporary example of such contextual conditions can be found in Horwitz, Chapter 17, “Charitable Nonprofits and the Business of Health Care.” As Jill Horwitz explains, recent concerns that nonprofit hospitals are no longer providing community benefits at sufficient levels have led to new regulations enforcing a more thoroughgoing charitable orientation among these organizations, including provisions that touch directly on the normative issues highlighted previously. For instance, the introduction of Schedule H to the Form 990 (the tax return that nonprofits file annually with the IRS) routinizes the reporting of community benefits, further institutionalizing accountability protocols. With such regulations in place, nonprofit status may have become a more meaningful point of contrast among hospitals, but such differences should be understood as the product of government’s role in shaping regulatory policy rather than as an inherent property of the nonprofit health care sector.

Another example of regulative institutionalization of accountability in government–nonprofit relations is the Government Performance and Results Act (GPRA) of 1993, which was passed amid concerns about the effectiveness and efficiency of government programs. The GPRA required federal agencies to develop mission statements, long-term strategic plans, outcome-oriented performance goals, and performance measurement protocols. However, as Emily Barman (2016) notes, because public services (especially human services) are so often contracted out to nonprofits, these government accountability

mandates passed through to nonprofit vendors. Thus, while the GPRA is technically aimed at ensuring *government* performance, the institutional reality of extensive co-production and interdependence with nonprofits resulted in accountability pressures impinging on both sectors in much the same way (Carman 2009).

To summarize, regulative institutionalization influences government–nonprofit relations by configuring the array of incentive structures, political systems, and market opportunities that affect the means of addressing public priorities. A governance framework aims to uncover how the explanatory power and substance of nonprofit status varies under different regulative arrangements, the roles of different actors (especially the government itself) in creating and sustaining these arrangements, and the implications for how organizations cater to public needs and advance political agendas.

Norms, Values, and Meanings

The primacy of social values is, of course, supposed to be a defining characteristic of the nonprofit sector, which is often perceived as “the locus of values” in society (DiMaggio and Anheier 1990:153). As such, nonprofits are normatively charged organizations, making them especially interesting as objects of study under normative and cultural–cognitive neo-institutionalist criteria (Abzug 1999), which center on how prevailing notions of appropriateness, feasibility, and sensibility influence social activity. By normative and cultural–cognitive criteria, the environment molds government–nonprofit relations through the signaling of expectations beyond what laws and regulations permit or proscribe. Taken together, normative and cognitive frames of neo-institutionalist analysis invite not only heightened attention to implicit standards of legitimacy in government–nonprofit relations but also greater scrutiny of how governance arrangements address issues of fairness, accountability, and other priorities related to public service and policy.

A prime example of a sector-based normative rendering of government–nonprofit relations is the portrayal of nonprofits as conduits for voluntarism and community building (Anheier 2009). This communitarian reputation has long been cited as justification for delegating public services to local voluntary agencies (Kissane and Gingerich 2004). Although such rhetoric has been especially pronounced in the United States, it is found in other regions as well. For example, scholars have shown that the Catholic principle of subsidiarity (the idea that social problems should be addressed by the smallest or most decentralized authority possible) has traditionally motivated devolution of state-funded social service provision to local charities in countries such as Germany (Anheier and Seibel 1997), the Netherlands (Brandsen and Pape 2015), and Poland (Nałęcz, Leś, and Pielniński 2015). The normative, sector-based premise behind this devolutionary relationship is that locally rooted nonprofit organizations are the best representatives of their communities and ought to be responsible for catering to local needs and advocating for local interests (LeRoux 2007).

In contrast to this sector-based view of normative roles for nonprofits and government, the empirical purpose of a governance framework is to transcend these sectoral assumptions and instead uncover *how* contextual factors associated with specific regions and policy domains influence the construction, negotiation, and deployment of communitarian credibility and representative legitimacy. For example, through a series of interviews

with city officials, community organization staff, neighborhood association members, and other local stakeholders in Boston, Baltimore, and Portland, Robert Chaskin (2003) discovered significant variation in how these groups perceive the relative importance of advocacy, planning, implementation, outreach, and other functions. With respect to how representational legitimacy is constructed, Chaskin found wide agreement among local organizations (including government agencies) on the main antecedents of legitimacy: degree of resident participation, involvement of a diversity of stakeholders, and concrete action leading to a track record of accomplishments. Similar findings also surface in responses from South Side Chicago residents collected by Jennifer Mosley and Colleen Grogan (2013), who found that nonprofit organizations create the trust necessary to achieve nonelected representational legitimacy through building relationships, inclusive and responsive communication, and a record of outcomes related to both policy influence and service provision. Additionally, the authors revealed that residents trust nonprofit community organizations and local public schools equally, contradicting the notion that nonprofits are distinctly legitimate as community representatives (857). We consider these works exemplary of a governance framework because, by identifying and analyzing key contextual criteria affecting local civic ecosystems, they move beyond the reductionist claim that nonprofits naturally embody a “community logic” while government agencies embody a “bureaucratic state logic” (Gray and Purdy 2014).²

To summarize, neo-institutionalism has been a remarkably popular paradigm in the study of nonprofit organizations and, more broadly, of government–nonprofit relations. With an expansive frame of reference and a variety of methodological compatibilities (ranging from “large-N” quantitative studies to qualitative archival analysis), this tradition has shed light on how policy regimes drive organizational practices (Edwards 2016), how the valorization of business principles has given rise to increasingly marketized forms of nonprofit service provision and government contracting (Garrow and Hasenfeld 2014), and other areas of interest. By drawing attention to the dynamic regulative, normative, and cultural–cognitive factors driving governance, neo-institutionalism lends itself to the holistic and nuanced understanding of government–nonprofit relations that we advocate here.

Street-Level Theoretical Approaches to Governance

Despite its considerable influence, critics have charged neo-institutionalism with advancing an overly structuralist view of society that downplays the agency of actors. Increasingly influential research agendas on “institutional entrepreneurship,” “institutional micro-foundations,” and “inhabited institutions” evidence a growing awareness that individual decision making works in tandem with cultural and political environments to drive organizational behavior (Binder 2007; Battilana, Leca, and Boxenbaum 2009; Hallett 2010; Powell and Rerup 2017). Street-level bureaucracy theory has long been particularly conducive to the study of how individual decision making affects government–nonprofit relations.

Developed by political scientist Michael Lipsky and colleagues, the original version of street-level bureaucracy theory explained how frontline staff in public agencies (teachers, police officers, caseworkers, etc.) face a combination of goal ambiguity, resource scarcity, and individual discretion that enables (or forces) them to take an active role in policy

making. Because much of public policy materializes not in legislation but rather in individual actions at the point of interface with the public (classroom exercises, traffic stops, intake procedures, etc.), frontline staff effectively “make” policy even as they operate within the parameters of protocol (Lipsky 1980:83). Whereas neo-institutionalism focuses on how higher-order political and cultural factors drive organizational processes, street-level theory zeroes in on the deliberations, judgment calls, and compromises of organizational staff (for a review, see Maynard-Moody and Portillo 2010). Lipsky practically ignores the role of nonprofits in public service provision in the original publication of *Street-Level Bureaucracy*, but the thirtieth-anniversary edition of the book (2010) features a new chapter in which he acknowledges government’s growing reliance on the nonprofit sector for service delivery (see also Smith and Lipsky 1993). Following Lipsky’s recognition of how street-level theory applies to nonprofits as well as government agencies, we aim to incorporate this analytical orientation in our governance framework.

At the street level of analysis, the objective of a governance framework is to probe and explain this mixed-auspice configuration of public policy development and execution, in accordance with aspects of our definition of governance relating specifically to *implementation*. Street-level governance analysis also brings attention to the normative concerns outlined previously: How do government and nonprofit staff tasked with co-production processes become aware of and respond to the range of client or constituent needs and demands, thus ensuring some degree of *fairness* and responsiveness? How are staff incentives structured and aligned to promote *accountability* and *effectiveness* for clients, resource providers, and the public at large? What kinds of behaviors and motivations do public servants and nonprofit professionals perceive as *legitimate* given scarce resources and policy directives?

The reality of worker discretion in government and nonprofits suggests some discrepancy between official policy prescriptions and actual policy outcomes. Arguably the more interesting consideration from a governance perspective, however, is specifically *what workers do* with their discretion (Brodin 2011). Insofar as a governance framework concerns how governments and nonprofits (whether in cooperation or conflict) conduct the public’s business, street-level research in this area should seek to uncover the preferences and predispositions that cause individuals involved in government–nonprofit relations to behave the way they do. For example, a recurring theme in the nonprofit management literature is the concern among frontline staff that government and private funders focus too much on formulaic outcome reporting guidelines (Carman 2007; Hwang and Powell 2009; Maxwell, Rotz, and Garcia 2016). Lehn Benjamin (2012) shows that frontline staff in human service nonprofits approach their work in a deeply relational way, taking time to build connections with clients and fine-tune interventions according to client strengths and limitations. In contrast, outcome measurement frameworks tend to emphasize relatively fixed program models and measurable results rather than worker intuition, flexibility, and qualitative insight. As rigid performance metrics have become more institutionalized, scholars have found that workers struggle to balance their professional inclinations to be flexible and sympathetic with their economic incentives to move clients rapidly through mechanistic service plans (e.g., Soss, Fording, and Schram 2011; Spitzmueller 2016). Appreciating this tension between rule adherence and discretion is integral to a

proper understanding of governance systems and how conceptions of effectiveness and legitimacy become contested at the street level.

Unfortunately, scholars studying the motives and value systems among government and nonprofit workers have sometimes been distracted by the sectoral perspective that we wish to de-emphasize. Numerous articles in recent years have claimed to find significant differences in the values, attitudes, and behaviors of public and nonprofit sector workers, such as volunteering (Rotolo and Wilson 2006), civic attitudes (Taylor 2010), career motivations (Lee and Wilkins 2011), positive work sentiment (Chen 2012), and perceptions of red tape (LeRoux and Feeney 2013). Many of these studies, however, do not adequately control for important contextual variables (industry, organizational size, level of government, etc.), thereby inflating the explanatory power of sector.³

The utility of a governance framework, then, is to encourage a more creative treatment of how individual discretion animates government–nonprofit relations regardless of actors' sectoral membership. Studies of how personnel differ in their values and motives (and, consequently, in how they exercise discretion) thus need to take into account the structure of public–private relations in which workers operate.

This analytical shift is particularly important in light of the continuing blurring of sectoral boundaries and the potential concomitant shift (at least in liberal democracies) to cross-sectoral and citizen-involved systems of policymaking (see Bryson, Crosby, and Bloomberg 2014). As the setting and implementation of policy agendas become less confined to members of a given sector, it will become more important to redirect our focus from sector to specific roles and responsibilities. To be clear, we are not simply calling on researchers to add more domain-specific control variables to their regressions. Anthony Spire's (2011) qualitative study of grassroots NGOs in China, for example, shows that NGO leaders must navigate a highly antagonistic policy environment and find specific government officials who are sympathetic to their causes. In a telling quote from a Chinese government official friendly to NGOs, Spire demonstrates the importance of analyzing individual discretion in detail rather than simply comparing blocks of undifferentiated sectoral actors:

The one thing that most NGOs don't understand is that "the government" is not monolithic. There are many different branches to the government, and people within government agencies that have different agendas. NGOs often don't understand the role of the party in the government, either. So I try to help them see the government more clearly—as a complicated thing, not as one simple thing. (2011:15)

Spire's study resembles much of the scholarship on street-level dynamics, which often employs qualitative methods that enable a rich and detailed view of how individuals exercise their volition within the confines of bureaucratic rules (e.g., Binder 2007; Carter 2017; Dai 2014; Kim 2013; Spitzmueller 2016). Another emblematic analysis of street-level governance is an ethnography by Paul Lichterman and Nina Eliasoph (2014), in which the authors demonstrate how different patterns of civic action condition relations between governmental and nongovernmental actors within an affordable housing advocacy coalition composed of housing developers, banks, community advocates, and governmental agencies. According to the authors, the coalition maintains a generally combative approach

to the local city government, but it also collaborates closely with supportive city officials who use their discretion to aid the organization's advocacy activity. As the authors point out, "these relations go well with the conceptual definition of civic action that emphasizes collective problem-solving action rather than actors' sectoral affiliations" (821). As with Spire's study of authoritarian China, Lichterman and Eliasoph's study of a cross-sector coalition in the United States illustrates how government–nonprofit relations filter through individuals on the ground.

Interorganizational Approaches to Governance

Some of the most robust studies of government–nonprofit relations that use a governance framework focus on the first part of our definition of governance: *the relationships and interactions between government and nonprofit organizations*. The more general study of interorganizational relations (IOR) traces its roots to Roland Warren, who made one of the earliest calls for the treatment of IOR as a discrete area of study, arguing that the "interorganizational field" (1967:396) poses a necessary object of organizational analysis. Twenty years later, Joseph Galaskiewicz (1985) offered a review of the burgeoning field of IOR, noting the utility of the approach for studies of resource allocation, political advocacy, and legitimacy. Today, the study of IOR has been reconfigured into more discrete theoretical approaches, including resource dependence, population ecology, network analysis, and field analysis, all of which have built on Warren's initial insights.

A governance framework for government–nonprofit relations allows empirical discovery of how institutional forces and individual agency come together in the formation of relationships among organizations. By focusing on the exchanges and conflicts between organizations and the environments in which they operate, research in this vein can begin on either side of the government–nonprofit divide, then trace the relevant connections to other organizations in whichever sector they may be. Scholars in public administration were among the earliest to take this perspective on government–nonprofit relations, given that one of their core audiences—managers working in the public sector—regularly confronted the realities of cross-sector relations in providing welfare state services. Indeed, Salamon (1995, 2002) rightly critiqued the New Public Management vogue of the 1990s (Hood 1991; Osborne and Gaebler 1993) for its caricatured portrayal of government agencies as isolated, hierarchical bureaucracies even as collaboration between government and nonprofit organizations was already well established in the welfare domain.

The core normative questions of governance often feature prominently in studies that take an interorganizational approach. For example, on the issue of *fairness*, how do government agencies and nonprofit organizations negotiate their respective orientations toward clients and constituents? How do different structures of government–nonprofit relations affect the *effectiveness* of governance networks? What formal and informal monitoring and reporting provisions exist between government agencies and nonprofit organizations involved in co-production processes to ensure *accountability*? And how do governance relationships enhance or undermine the *legitimacy* of government agencies and nonprofit organizations, either individually or as collaborators? In this section, we review recent scholarship that examines these and related issues of interorganizational relations, drawing on both resource dependence and network analysis as primary theoretical vantage points.

Interorganizational Relations as Resource Dependence

As mentioned previously, one of the prevalent themes in studies of government–nonprofit relations is that reliance on government funds poses various dangers to the autonomy of nonprofits as voluntary actors. Much of this work has drawn on resource dependence theory (Pfeffer and Salancik 1978) to describe a dominant role for government in its relationship with nonprofits. As the weaker partner, nonprofits allegedly alter their behavior in order to maintain access to government funds—a phenomenon known as *vendorism* (Kramer 1981; Frumkin 2002). Among the concerns about vendorism are that government forces nonprofits to change their approach to client service, causes nonprofits to incur inefficiencies and high transaction costs, reduces private donors' likelihood of contributing to nonprofits, and co-opts nonprofit missions and legitimacy.

Many quantitative studies have attempted to evaluate these claims, including several recent meta-analyses. Whereas early studies offered some support (see Steinberg 1991), the recent empirical evidence is decidedly mixed, though highly dependent on choice of measures (de Wit and Bekkers 2017; Lu 2018; Lu and Xu 2018; Payne 2009). Furthermore, the normative implications of vendorism may depend on perspective; some research shows that increased government funding may press nonprofits to serve more disadvantaged clients, thereby potentially improving nonprofits' responsiveness to community needs (Orden 1973; Morris 2009; Salamon 1995).

We argue that these critical nuances cannot be captured in an oversimplified sectoral image of a coercive, overbearing state and a timid, submissive nonprofit sector. Indeed, some recent research has strongly contested the idea that government holds all the resources while nonprofits depend on its largesse. For example, John Chin (2009) argues that nonprofits—not government agencies—drove the development of HIV/AIDS policy and public resource allocation in New York City. The forceful 1980s movement to bring government attention to HIV/AIDS created a strong set of nonprofits in New York dedicated to this cause, such that by the time government began addressing HIV/AIDS, nonprofit actors already had assembled the substantive expertise and organized constituencies necessary to combat the pandemic. As a result, Chin writes, nonprofits not only provided key services but also “play[ed] an important role in shaping *de facto* local social policy through their participation in community-based planning processes” (2009:432). This case illustrates the potential for variability in how government agencies and nonprofits relate to each other in the emergence of particular governance arrangements (see also, e.g., Levine 2016; Marwell 2004; Suárez and Esparza 2017).

In addition to capturing cases where nonprofits hold resource-dominant positions, a governance framework can allow for more precise descriptions not only of *actors* but of *actions*. For example, rather than simply asking whether nonprofit dependence on government curtails advocacy, we should consider how the nature and meaning of advocacy changes according to governance arrangements. Illustrating this point, Jennifer Mosley (2012) documents how the institutionalization of public–private partnerships in U.S. homeless services has caused some nonprofit directors to take an “insider” approach to advocacy rather than use confrontational tactics. This tactic, however, tends to focus on protecting existing government funding streams rather than pressing for transformative political change. Thus, Mosley argues that “insider, relationship-oriented advocacy is one

tool that nonprofit managers use to try to communicate interdependence, build trust, and enhance their reputation as experts” (2012:844). This nuanced depiction of interdependent government–nonprofit relations is a far cry from the oversimplified portrayal of nonprofits kowtowing to public authorities, yet it also raises important questions of how the *quality* (not just the quantity) of advocacy and other activities fluctuates according to governance conditions (for an interesting discussion of relationship-based advocacy in Russia’s “managed democracy,” see Ljubownikow and Crotty 2016).

Network Governance

In addition to questioning whether government necessarily enjoys a privileged position vis-à-vis nonprofits, a governance framework enables descriptions of government–nonprofit relations as *networks* in dynamic flux, rather than as sectors divided by stark boundaries. Bolstering this idea, Rachel Fyall (2016) draws on a series of semistructured interviews with nonprofit, public, and for-profit professionals, pointing to a variety of advantages for nonprofits that interact with government through cross-sector coalitions. Fyall finds that individuals representing coalitions not only tend to have greater access to elected officials but also are viewed as more persuasive because of their association with a unified and mobilized set of actors. Moreover, coalitions protect nonprofits by shielding individual members from potential government retribution in response to antagonistic advocacy activity (i.e., “strength in numbers”). Fyall’s observations reflect a long-standing recognition that groups of interconnected actors, whether in conflict or collaboration, frequently co-produce decisions across the public–private divide (e.g., Laumann, Galaskiewicz, and Marsden 1978).

The governance framework for government–nonprofit relations is perhaps most explicit in studies that take a network approach. Some of these studies are more formal, deploying network analytic methods and emphasizing the structural properties of interorganizational relations, such as density, centrality, embeddedness, and so on (e.g., Knoke 1990). Other studies draw on the idea of networks as a structural metaphor but place more emphasis on the content and meanings of relationships between and among government agencies and nonprofits. This range of approaches aligns well with general trends in network analysis, which has moved from a strong emphasis on the structural dimension (i.e., nodes, ties, equivalence, structural holes) to an appreciation of the importance of examining both network form and content (e.g., Pachucki and Breiger 2010).

In a particularly cogent theoretical exploration of how to incorporate formal network analytical methods into governance research, Keith Provan and Patrick Kenis (2008) argue for conceiving network governance as a variable: “Only by demonstrating that networks with different configurations have different network-level effects can a rationale for developing network-level theories be established” (233). Differentiating network forms by various governance attributes (e.g., goal consensus) and structures (e.g., presence of a lead organization), the authors develop a set of propositions for whether a particular form of network governance is likely to be effective. These propositions are both theoretically derived and based on an impressive record of empirical studies tracing the evolution of nonprofit organizational networks contracted by government to provide a coordinated set of mental health services in several cities (Provan and Milward 1994, 1995; Milward and Provan 2000; Provan, Isett and Milward 2004; Milward et al. 2010).

Drawing on both formal analytic and ethnographic methods to capture network structure and content, Sarah Reckhow (2013) describes how philanthropic organizations such as the Gates Foundation and the Broad Foundation have spent significant resources to develop, test, and implement public school reform strategies. Reckhow delineates the relations among school boards, teachers' unions, public officials, charter schools, and other key players in two cities, persuasively arguing that foundation-funded educational reforms in Los Angeles, with its integrated and consensus-oriented networks, are more stable than in New York, where reforms have been instituted via top-down elite influence and mayoral control. Providing still more evidence of governance variability that depends on context, Ma and DeDeo (2018) use formal methods to examine the structure of interlocking relationships among nonprofit foundation boards in China. Typically, Chinese government officials comprise some proportion of foundation board members, but Ma and DeDeo's analysis shows a partitioning between one group of foundations more closely connected to government officials, and another group centered on business elites. The authors hypothesize that the latter group appears to enjoy greater autonomy from government; however, they note that such a conclusion could be mistaken given that business elites already are closely tied to government. As a result, these foundations may be "act[ing] as an agent of the government itself" (2018:301) despite having no government officials on their boards.

Not all governance studies that invoke network governance use formal network analysis. The concept of collaborative governance (Ansell and Gash 2008) assumes that public service provision typically involves both government agencies and nonprofit organizations and thus requires extensive interorganizational connections to produce consensus-based engagement and decision making among partners from public and private domains (cf. Kettl 2006). David Van Slyke (2007) argues that in the case of public contracting with nonprofits for human services, the governance relationship is likely to shift over time from a principal-agent relationship, characterized by significant mistrust based on presumed shirking by agents and the application of monitoring and sanctions, to a "principal-steward" relationship, where trust and longer-term relations allow for more effective collaborative problem solving under conditions of decreased monitoring. Building on these earlier statements, Kirk Emerson, Tina Nabatchi, and Stephen Balogh (2012) provide a more complex integrative framework for the study of collaborative governance, which they refer to as a collaborative governance regime (CGR) (2). Studying a CGR draws on a number of disciplinary approaches and comprises multiple levels and dynamics of analysis, but at its core lies the tracing of organizational networks involved in collective decision making.

In a similarly conceptual approach, a group of empirical studies examining various aspects of the multisectoral governance of cities embraces the central concept of network analysis—interorganizational relations—without deploying formal network methods. For example, Nicole Marwell's (2004, 2007) study of community-based nonprofit organizations in Brooklyn demonstrates how nonprofits build relationships with government agencies and other nonprofit groups in different fields of action, thereby exercising multiple forms of influence over government deployment of financial resources and regulatory powers to assist low-income neighborhoods. Her ethnographic work illustrates the complex interorganizational networks that develop to implement key decisions that affect the lives of city residents.

Another example of research that provides insight on network dynamics without relying on formal network analytic methods is Robert Vargas's (2016) study of violence in Chicago. He shows how political redistricting in that city has affected the ability of nonprofits in disadvantaged neighborhoods to build connections with local elected officials and police departments to prevent street violence. His review of local history demonstrates how political party elites took advantage of the decennial redrawing of political district lines to move small areas within the Little Village neighborhood in and out of different political districts over time. This redistricting undermined nonprofit organizations working to establish connections with local officials and disrupted nonprofits' access to government violence prevention funds. In those areas, Vargas shows that violence continually returns—but in the parts of Little Village where the political district has remained unchanged over time, violence is notably less prevalent.

Finally, in his study of low-income housing development in Cleveland, Michael McQuarrie (2012) shows how changes in governance practice dramatically reconfigured the city's organizational ecology into a "civic monoculture" (75). McQuarrie details how nonprofit intermediary organizations channeled federal low-income housing tax credits to the state public housing authority, which in turn distributed them to neighborhood nonprofit organizations to finance the construction of new homes. Although the nominal purpose of this governance arrangement was to provide capital for low-income housing construction, a second-order effect was that community development corporations (CDCs) were more likely than other community-based nonprofits to survive in Cleveland's low-income neighborhoods. Other types of community organizations—such as civic and protest groups—found themselves delegitimized by the larger governance system, starved for resources and labeled as troublemakers. An end result, argues McQuarrie, was the rise of an extremely limited interorganizational network of CDCs, banks, and tax credit syndicators, which lacked the capacity to respond meaningfully to the foreclosure crisis of the late 2000s.

From Government–Nonprofit Relations to Governance

In this chapter we have argued that sectoral approaches to government–nonprofit relations offer important insights, but that in the fifty years since these approaches were first developed, transformations in both government and nonprofit practice showcase the utility of an alternative perspective: governance. We draw on recent approaches to the idea of governance across multiple fields to make the case that a governance framework is likely to prove more useful for analyzing the future of government–nonprofit relations. We have reviewed research that uses a governance framework—either explicitly or implicitly—at three levels of analysis: institutional conditions, street-level decisions, and interorganizational relations. Most studies examine only one of these levels, but we hope new research will consider how they fit together in an overarching governance framework.

We wish to emphasize that we are not asking researchers to relinquish parsimony by adopting governance as a framework for understanding government–nonprofit relations. We are instead suggesting that researchers who already are engaged in constructive middle-range theory-testing begin to conceptualize their work as part of a larger agenda to recognize and understand the multiplicity of actors involved in policy development and implementation. If theoretical development of governance lags behind empirical

investigation of its observable features, then we hope this chapter encourages researchers to push forward more strongly on the former to build a cohesive research agenda.

Constraints on the length of the chapter, as well as this volume's likely dominant audience in North America, necessarily limit the scope of our literature review. In particular, although we have incorporated some international examples, we note the U.S.-centric nature of the chapter. This may seem ironic, given that governance is a more long-standing analytic category for scholars outside the United States. However, one of the main insights of a governance approach is that the details of specific contexts drive our understanding of government–nonprofit relations. We have therefore drawn most extensively on our greater knowledge of the U.S. context. We join R.A.W. Rhodes (2011) in calling for greater discussion across national and regional boundaries moving forward in pursuit of a potentially more integrated theory of governance.

We close with a perhaps tongue-in-cheek suggestion. Should there be a fourth edition of *The Nonprofit Sector: A Research Handbook*, we propose the elimination of a separate chapter on government–nonprofit relations, though one has appeared as a fundamental component of all three existing editions of the volume. Our rationale is the one we have been promoting throughout this chapter: at this point in time, a sectoral perspective obscures more than it illuminates. Instead, we recommend that scholars be ever alert to how the governance of policy domains, places, and other substantively coherent fields of action are shaped by relations between government agencies and nonprofit organizations.