Relationships Between Nonprofit and For-Profit Organizations: A Stakeholder Perspective

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The purpose of this article is to provide a new, more comprehensive stakeholder theory of the relationships between nonprofit, for-profit, and government sectors. This theory combines aspects of neoclassical economics and principal-agency theory to complement the traditional notions that these organizations either compete or exist in a vacuum relative to one another. The article discusses nonprofit organizations that are employee groups (unions and professional associations), shareholders (institutional investors including pension funds and endowments), community and other interest groups, government contractors, competitors, consumers, and suppliers. By viewing these organizations as agents relative to a principal for-profit (or government) organization, it is possible to hypothesize about relationships and behaviors between organizations of different sectors of the economy. This new perspective allows a better understanding of the many relationships observed in the nonprofit sector and of a much greater range of nonprofit stakeholders than is currently possible given existing theory.

Traditional macrostructural studies of organizations have examined a focal or central organization in relation to other organized identities. This article maps out some of the many relationships that bring nonprofit organizations into the focal orbit of business (for-profit organizations), government, or other nonprofit organizations. By examining these relationships in the context of organizational and economic theories, we are able to derive a new, more comprehensive stakeholder theory of the relationships between nonprofit, for-profit, and government sectors.

At first glance, some of the forms and forces that bring nonprofit organizations into the focal orbit of other organizations may seem irrational from an internal (neoclassical theory of the firm) perspective. For example, it is not readily apparent why a corporation supports the activities of a local nonprofit that provides legal services for the elderly. Such actions, however, may be

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explained by a variety of theories. Among them are institutional isomorphic forces (e.g., DiMaggio & Powell, 1983, 1991; Meyer & Scott, 1983), competitive forces (e.g., Porter, 1980, 1991), population forces (e.g., Hannan & Freeman, 1977, 1989), and dependency forces (e.g., Pfeffer, 1973; Pfeffer & Salancik, 1978; Zald, 1967, 1969). A recent addition to the explanatory theories at the interorganizational level is the stakeholder perspective, which seeks to bring many of the forces and organizational types together.

This article begins with a general discussion of the theoretical (bilateral) relationship between nonprofit and for-profit organizations. Although the bilateral relationship fits into a larger network of interaction between organizations, we begin with the more simplified case of the forces that exist between these two types of organizations. The case we present may be extended to explore other bilateral relationships between organizations. We examine theories that explain organizational behavior from economics, management, and nonprofit literature, tracing the evolution of the nonprofit–for-profit relationship from a competition model to that of a coexistent or collaborative model. By enumerating different types of bilateral relationships, we form a more general stakeholder perspective. This perspective allows us to extend traditional stakeholder theory to fit the many relationships observed in the nonprofit sector better, and to build on this new model to embody a much greater range of nonprofit stakeholders. Finally, we discuss the implications (at both the organizational and interorganizational level) of an organization's stakeholders being nonprofit organizations. We develop hypotheses that address the potential for opportunity or threat in nonprofit–for-profit stakeholder relationships.

ECONOMIC THEORY: RELATIONSHIPS BETWEEN NONPROFIT AND FOR-PROFIT ORGANIZATIONS

Economists study the efficient allocation of scarce resources under conditions of uncertainty. In particular, economic theories address how markets, governments, and voluntary institutions or other nonmarket institutions (direct altruism, crime, families, and informal groups) function, and how various mechanisms for allocating resources (prices, motivations, etc.) work in different situations, industries, and economies.

With regard to nonprofit–for-profit relationships, economists have generally suggested that nonprofit and for-profit organizations occupy different market segments within industries. Because productive and allocative efficiency are important to economists, many economic studies have focused on competitive relationships between commercial nonprofit organizations (Hansmann, 1980) and small business (e.g., Eckel & Steinberg, 1993; Schiff & Weisbrod, 1991; Steinberg, 1991).

Perhaps in contrast to the worries expressed in earlier economic studies, much of the interaction between nonprofit and for-profit organizations probably is not directly competitive. In the United States in recent years, nonprofit organizations derived about half their income, on average, from fees and service charges (excluding government reimbursements). Relatively little of this revenue came from commercially competitive ventures not directly related to the missions of the nonprofit organizations. Competitive interactions can be observed in hospital, nursing home, and day-care industries (Young & Steinberg, 1995), where nonprofit organizations appear to provide essentially the same services and compete for the same paying customers as for-profit organizations.

More recently, economists and other researchers have begun exploring the potential for (or actual) coexistence and collaboration of organizations across sectors. Young and Steinberg (1995) suggest that, in addition to competition, nonprofit organizations interact with other entities in the economy in many ways. For example, nonprofit organizations may

- act as contractual agents for government, delivering public services for which government pays;
- contract with business to provide services such as mental health care for corporate employees;
- form partnerships with business and government in areas such as urban development and biotechnology research;
- form for-profit subsidiaries to separate commercial activity from mission-related activity;
- be established by businesses as corporate foundations and nonprofit trade associations;
- be regulated by government in various ways;
- operate fundraising campaigns and payroll deduction plans within government agencies and corporations;
- and have corporate and government executives involved as volunteers and board members of the nonprofit organization. (Governments may also appoint board members to some nonprofit organizations in which they have a major interest.)

According to Young and Steinberg (1995), the presence of mixed industries suggests that nonprofit organizations either complement or compete with other kinds of organizations in the provision of particular kinds of goods and services. Weisbrod (1988) presents evidence that nonprofit organizations may offer subtly different varieties of service than do for-profit organizations. Such analyses, although starting with the assumption of competition between organizations, subtly shift the dynamics of the nonprofit–for-profit relationship from competition to coexistence. Because nonprofit and for-profit organizations may occupy different niches within a given industry rather than compete head-to-head, a coexistent relationship may become complementary. For example, complementary positions in a market can result from contract failure. If poorly informed consumers prefer to patronize nonprofit organizations and better informed consumers feel that they can obtain services closer to their preferences from for-profit organizations, these two organizations complement each other. The arrangement is efficient; all consumers find their preferred service alternatives and put their resources to their most highly valued uses. The complementarity thesis paves the way for an understanding with greater nuances of the different conditions under which nonprofit and for-profit organizations interact. It is to these more subtle explanations that we now turn.

In the following sections, we review the central tenets of the stakeholder perspective from management theory. Combining the economic theories of competition with stakeholder theory, we develop an argument of the value of a modified stakeholder perspective to align extant interorganizational theories. Building on these arguments, we look at nonprofit–for-profit contractual or collaborative relationships from a stakeholder-network perspective.

MANAGEMENT THEORY AND THE STAKEHOLDER PERSPECTIVE

The stakeholder perspective arose as a way to make sense of the turbulent changes affecting business in the 1980s (Savage, Nix, Whitehead, & Blair, 1991). Savage et al. (1991) suggested that a new theory could explain the impact of directors, employees, and communities, among others, demanding a voice in the way corporations are run. Freeman (1984), an early proponent of stakeholder theory, contributed the idea that managers must satisfy many different constituents in effectively administering a business. Freeman and Reed (1983) identified stakeholders as the groups on whose support the corporation depends. Although stakeholder theory maintains stockholders as principals, they become only one among a host of varied principals or stakeholders of the firm. This allows managers to legitimately concentrate on maintaining outside-organizational relationships without necessarily accounting to shareholders in all instances. More recently, Barnett (1997) outlined stakeholding as good long-term decision making by the firm (investments, disinvestments, etc.) that tries to identify with all the interests and individuals affected by the decisions. Of course, stakeholder management turns out to be much more difficult in practice than in theory, as evidenced by Daft's (1998) cautions that satisfying some stakeholders may lead to the alienation of others.

These studies, along with those by several economists, have proposed thinking about stakeholders as principals involved in multiagency relationships with a core management or target corporation (A. Slivinski and R. Steinberg, personal communication, 1996). It is very likely that many, if not most, bilateral (nonprofit–for-profit) stakeholder relationships can be modeled as principal-multiagent relationships. Agency theory often assumes that the interests of principal(s) and agent(s) differ and lead to agency costs of monitoring and compliance. Use of a stakeholder perspective rather than an agency perspective allows us to loosen the assumption of necessary conflict of interest between parties due to competition.

STAKEHOLDER THEORY AS SYNTHESIS OF ECONOMICS AND MANAGEMENT THEORIES

Although stakeholder theory has traditionally been used to explore principal-agent problems between for-profit organizations and stockholders, the theory is more flexible. As we show in Figure 1, there are many more stakeholder organizations than just stockholders. This section discusses the extension of stakeholder theory from a singular bilateral relationship to multiple bilateral relationships. (Note that we could use network language to describe a set of organizations and their respective stakeholders. We have chosen to focus only on one node and the bilateral relationships that result; however, the theory could be extended to a network analysis of relationships among organizations.)

Rowley (1997) begins the move away from a singular bilateral relationship using social network analysis to construct a multiorganizational relational space around a central, or focal, organization. We suggest that social network theory is only one complement to stakeholder theory, and that by subsuming other macrostructural organizational theories, stakeholder theory can help to explain a wider range of interorganizational behavior. In particular, we suggest that institutional forces between a focal organization and like organizations may help to explain isomorphic behavior (DiMaggio & Powell, 1983) among stakeholders. Similarly, ecological or competitive forces (Hannan & Freeman, 1984, 1989) can characterize stakeholder relations and be used to understand relative positions in stakeholder networks or universes. The dependency language of stakeholder theory is consonant with resource dependence models of interorganizational relations (e.g. Pfeffer & Salancik, 1978). In this way, we can think about stakeholder theory as an encompassing (macro) theory that helps to bring institutional, competitive, and dependence forces—and competitive forces—into a unified theory. The next step is to discuss what this broader stakeholder theory means for nonprofit sector organizations.

STAKEHOLDER CONCEPTS AND NONPROFIT ORGANIZATIONS

The literature of the nonprofit sector contains a seminal work that places nonprofit organizations in the center of multiple bilateral relationships with stakeholder groups. In 1991, Ben-Ner and Van Hoomissen used stakeholder concepts to theorize that nonprofit organizations are founded and controlled primarily by "demand-side stakeholders" interested in the provision of some

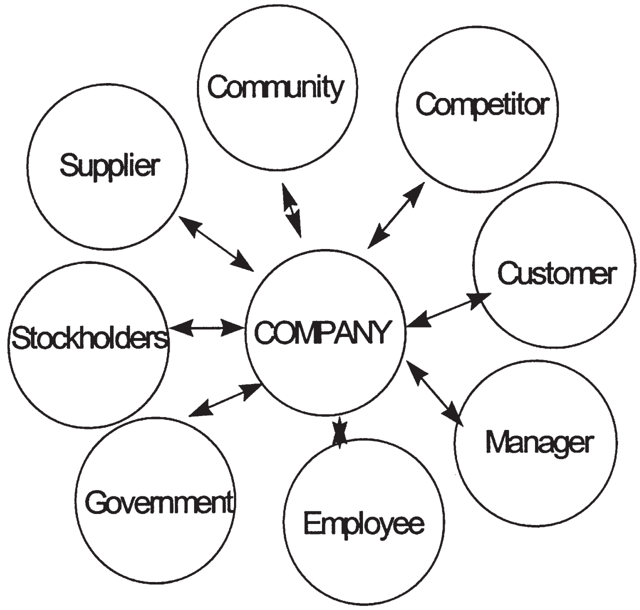

Figure 1. Stakeholder Theory of the Firm
Source: Brenner and Cochran (1991), adapted from Mitroff (1983).

services for themselves as consumers and/or for the benefit of others, as donors or sponsors. (This contrasts with for-profit firms, which are founded and controlled by suppliers of capital who are interested in returns to their investment rather than in the product as such.) High-demand stakeholders (who have the greatest interest in the organizations' products, and who have the time, expertise, and so on to engage in controlling them) control nonprofit organizations in this context. The willingness of high-demand stakeholders to engage in these functions is enhanced by their belonging to common groups and networks that exercise social pressure against free riders, as well as providing help with the provision of startup capital and other inputs.

High-demand stakeholders prefer nonprofit organizations in one of the two following situations: where for-profit organizations fail to provide products and services that stakeholders trust; and where they provide insufficient quantity or quality, and government provision fails to compensate for this market failure. Such market and government supply failures may occur in the provision of nonrival goods that are difficult for stakeholders to evaluate (trust goods). Failures also occur in provision of public, charitable, and certain mixed goods, in which high-demand stakeholders may be quantity or quality constrained. That is, failures occur when fixed quantities or qualities of goods or services are provided to all citizens by public agencies or nonprofit organizations, and consumers cannot choose how much they obtain individually.

For Ben-Ner and Van Hoomissen (1991), the stakeholder concept is useful in explaining nonprofit organizational behavior in which nonprofit organizations are centered in the analysis. In the next section, we build on this work by centering for-profit or governmental organizations and then asking about their relationships with organized nonprofit stakeholders.

THE NONPROFIT STAKEHOLDER ARRAY

In this section, we discuss what a broader stakeholder perspective implies for the behavior of for-profit and nonprofit organizations. We then discuss the types of relationships that make up the array of interactions between corporations and nonprofit organizations.

First, nonprofit organizations are entities on which corporations depend for various tangible and intangible resources (and vice versa). The role and behavior of nonprofit organizations (as agents) may be seen as similar to management's role and behavior in relating to corporate owners (as principals). Although corporate owners are concerned with profit maximization, managers (as agents) may have their own agendas. Principal-agency problems arise from the need for corporate owners to monitor and evaluate the actions of managers. Similarly, in situations when for-profit organizations engage in cause-related marketing or reputation enhancement because of their dealings with nonprofit organizations, the for-profit principal has a great interest in monitoring the actions of the agent nonprofit (e.g., see articles on corporate goodwill, Webb, 1996; Webb & Farmer, 1996).

Second, nonprofit organizations may represent opportunities or threats for corporate management (Savage et al., 1991). As such, managers of for-profit organizations may behave either in ways that increase their involvement or collaboration with corporations or defensively. This hypothesis allows for a broader range of behavior between nonprofit and for-profit organizations, and allows researchers a more exhaustive tool for understanding the great complexity and new forms open to relationships among organizations in both sectors.

Finally, as we move to a stakeholder perspective, nonprofit organizations move from secondary (supporting or, perhaps, supported) roles in for-profit agendas to central roles in collaborations, partnerships, or out-and-out competitions. Nonprofits may be viewed not only as a repository, but also as a proactive ally. Alternatively, perhaps they may be viewed as a threat. Savage et al. (1991) present a useful matrix for understanding the types and strategies that focal organization may visualize in managing their relationships with nonprofit stakeholders. This matrix is shown in Figure 2.

In an ideal case, the nonprofit stakeholder supports the for-profit organization's goals and actions. This type of nonprofit organization presents a low

Stakeholder's Potential for Cooperation	Stakeholder's Potential for Threat to Organization: High	Stakeholder's Potential for Threat to Organization: Low
High	Stakeholder Type: MIXED BLESSING Strategy: COLLABORATE	Stakeholder Type: SUPPORTIVE Strategy: INVOLVE
Low	Stakeholder Type: NONSUPPORTIVE Strategy: DEFEND	Stakeholder Type: MARGINAL Strategy: MONITOR

Figure 2. Types and Strategies of Stakeholders
Source: Adapted from Savage, Nix, Whitehead, and Blair (1991).

threat, and it is a likely candidate to cooperate with the for-profit organization. Examples of such types of organizations may include management groups, employee groups, service providers, and community organizations. For-profit organizations may find success in cooperating with the stakeholder nonprofit by involving the nonprofit in relevant issues for both organizations.

Marginal stakeholder nonprofits are neither especially interested in cooperation nor highly threatening. Although they potentially have a stake in organizational issues, they generally are not concerned about most decisions made by the for-profit organization. This type of nonprofit group may include consumer interest groups and professional associations for employees. Of course, certain issues could activate a group to change their status to either cooperative or threatening (e.g., work-place safety issues or product safety). Forward-thinking management of the for-profit organization can best be accomplished by monitoring the nonprofit stakeholder, paying attention to the specific issues of concern to the members of the nonprofit organization.

A more difficult type of relationship exists between organizations that may be characterized as nonsupportive and competitive, or threatening. Competing organizations, employee unions, the federal (and possibly state or local) government, and the media may be both noncooperative and potentially threatening to a for-profit organization. The key to managing the relationship is for the for-profit managers to prepare a good defense. The defense strategy tries to find the basis for the stakeholders' interest in the organization, and to reduce the dependence of the nonprofit on that basis. Of course, it is in the interest of the for-profit organization to try to cultivate a better relationship with these types of stakeholder organizations.

Finally, some organizations may be characterized as potentially very threatening or very cooperative. For example, institutional investors, competitors, suppliers, powerful employee unions, and the like, may be friends or foes in the attainment of the firm's goals and objectives. Collaboration is an obvious management strategy to try to convert a potential threat into an ally. Savage et al. (1991) note that joint ventures, mergers, and other forms of collaboration may result in a successful outcome for the business, and potentially for the stakeholder nonprofits as well.

In sum, the multiagency stakeholder view allows us to explore new relationships between organizations of the sectors that the neoclassical economist and the agency theorists could not have anticipated. It stands as a tool that for-profit managers can use in capitalizing on the potential that nonprofit organizations promise.

In the following paragraphs, we form a partial list of stakeholder groups and build on this list to suggest changes in the organization and behavior of nonprofit and for-profit organizations resulting from their collaborations, coexistence, or competition.

NONPROFIT STAKEHOLDER GROUPS AND THEIR CHARACTERISTICS

We can find nonprofit organizations in almost any stakeholder role imaginable. In fact, when individual stakeholders come to be organized (often specifically to contend with some aspect of the business of the focal organization), they are likely to adopt a nonprofit form. (We note, however, that these organizations generally adopt the nonprofit form because of the advantages, tax and otherwise, offered by this form.) We suggest an enhancement of Figure 1, which results in a better characterization of the relationships between nonprofit organizations and the focal for-profit organization. Figure 3 identifies organizations usually incorporated as nonprofits to play each of Figure 1's stakeholder roles. This visual should help to guide the hypothesis generation following the description of the stakeholder groups.

STAKEHOLDER GROUP: COMMUNITY

One of the most visible nonprofit stakeholder roles is that of community watchdog or interest group. Many organizations (corporate and otherwise), at times, find themselves running afoul of some organized community-interest group, whether it is an environmental organization, a certification

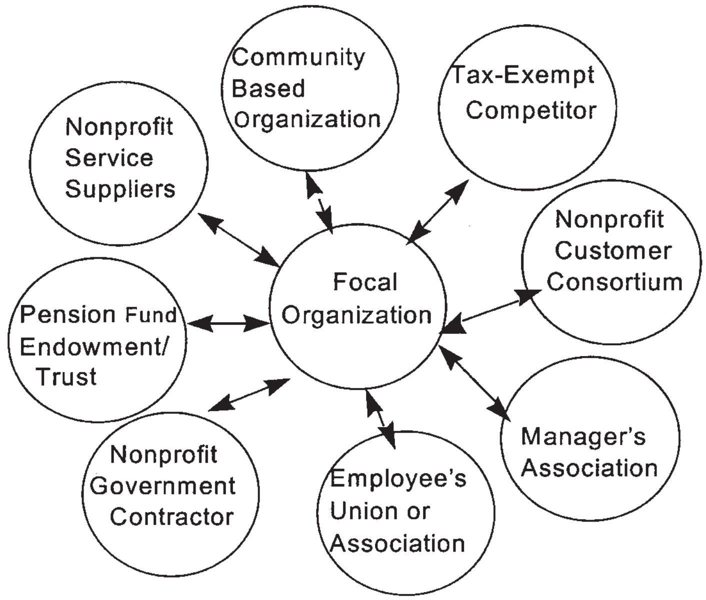

Figure 3. Expanded Stakeholder Theory of a Focal Organization

association, or an advocacy group (almost all of which are organized as nonprofits). Examples of the way that nonprofit community-interest groups interact with focal for-profit corporations include encounters ranging from Alaska Public Interest Research Group's (AKPIRG) letter-writing campaign to legislators urging them to demand payment from Exxon for punitive damages (www. akpirg.org, 1999) to the Colorado Environmental Coalition's tangling with metro Denver for-profit developers on the issues of limiting urban sprawl (www.igc.apc.org / pirg / copirg / enviro / sprawl, 1999).

STAKEHOLDER GROUP: COMPETITOR

Although it is not an issue in many industries, competition from tax-exempt nonprofit organizations is still a perception, if not a reality, for some portions of the corporate universe. Anyone who has chosen between goods and services from a YMCA and Crunch Gym, or The Museum Shop and the Metropolitan Museum of Art Store, or Humana Hospital Corporation and Beth Israel Hospital is aware of the potential for nonprofits to exist in competitive relations with for-profit organizations. (More on this case may be found in the economics literature cited previously.)

STAKEHOLDER GROUP: CUSTOMERS

Nonprofit organizations themselves, and in consortia or association (like many other organizations), apply pressure to corporations and other focal organizations as customers or clients. In fact, in organized consortia, nonprofits have the ability to impose greater stakeholder demands on organizations. For example, nonprofit organizations, singly and in groups, purchase whole ranges of goods and services and bring a much sought-after legitimacy to their role as educated consumers. The Nonprofit Coordinating Committee in New York City, a consortium of more than 800 nonprofits offers its members discounts on legal services, purchase of D&O insurance, and even office supplies from Staples.

STAKEHOLDER GROUP: EMPLOYEES AND MANAGERS

When employees organize into unions or professional associations, they almost exclusively choose the nonprofit form to leverage their organizational stake. Again, when individuals organize themselves into a more powerful organizational stakeholder group, it is directly through the nonprofit form that they gain bargaining advantage with focal organizations. Any manufacturing concern that has bargained with the Teamsters; American Federation of State, County, and Municipal Employees (AFSCME); 1199; Service Employees International Union (SEIU); and so forth knows the power of the nonprofit union. Likewise, any educational institution that has haggled with the American Association of University Professors (AAUP) or the American Federation of Teachers (AFT) understands the potency of the nonprofit employees association.

STAKEHOLDER GROUP: GOVERNMENT

With the accelerated reinvention of government and strengthening third-party government system, nonprofits are finding their way into the middle of corporate-government relationships (e.g., Salamon, 1987). Nonprofit organizations, working as government contractors, are often in positions to make demands or enter collaborations with focal for-profit organizations. Certainly, focal organizations (pharmaceutical concerns, medical supply companies, etc.) that interact with Medicare and Medicaid know the power of the nonprofit hospital or nonprofit health maintenance organization (HMO) intermediary.

STAKEHOLDER GROUP: STOCKHOLDERS

Whether it is through the advancement of pension-fund capitalism (Drucker, 1993) or the increasingly active management of university, foundation, and other large nonprofit endowments, nonprofit organizations are increasingly found in the stakeholder role of owner of corporate stock. Nonprofit pension funds alone are worth about $2.8 trillion (Moberg, 1998). These funds own about one eighth of all corporate stock (Moberg, 1998), making the nonprofit shareholder a crucial organizational stakeholder. Nonprofit higher educational institutions account for billions of dollars of endowment investments, and institutional and individual shareholders (through, for example, The Council of Institutional Investors and the American Association of Individual Investors, respectively) have organized into nonprofit groups to better leverage their stockowner's voice.

STAKEHOLDER GROUP: SUPPLIERS

Although they are perhaps less involved in the supply of raw materials and goods to other organizations (for-profit and not), nonprofit organizations supply services to business through contracting and other arrangements. Certainly, medical and educational services immediately come to mind whether the supplier arrangement is a financial contract, a spot transaction, or a tuition remission. Furthermore, nonprofit organizations involved in facilitating welfare-to-work reform find themselves in the role of supplier of labor. New York City's nonprofit Wildcat's provision of work-ready welfare mothers to Salomon-Smith Barney is one notable example.

WHAT DO NONPROFIT STAKEHOLDERS IMPLY FOR CHANGES IN ORGANIZATION AND BEHAVIOR AMONG NONPROFIT AND FOR-PROFIT ORGANIZATIONS?

Now that we have identified nonprofit organizations in stakeholder roles, what can we say about changes in the organization and behavior of nonprofit and for-profit organizations resulting from their collaborations, coexistence, or competition? Giddens (1981) introduces the concept of *structuration*, or forces between organizations that explain how organizations are structured or behave to structure other organizations. The character, urgency, length, and so forth of the relationships between a focal (for-profit or government) organization and its nonprofit stakeholders may be used to illuminate structurating forces between organizations.

Specifically, we suggest that understanding the stakeholder relationship between nonprofit organizations and focal organizations goes a long way in helping us to understand how nonprofit organizations come to be structured (or come to structure other organizations). The structuration process suggests predicted behaviors and actions, as well as future organizational courses. An organization's ability to threaten or cooperate with another organization helps to determine the strategy that each organization's management takes with the other. Drawing on macrostructural theories and the enhanced stakeholder theory derived above, we suggest testable hypotheses.

Hypothesis 1: If a nonprofit is a stockholder in a for-profit corporation, we might expect power and dependence forces to characterize a principal-agent relationship between the nonprofit and the focal organization. In this case, the nonprofit organization may be able to affect structural constraints on (or at least threaten) the focal organization. For example, if a large union operates a pension fund, the companies whose stock is held by the fund may be affected by desires of the stakeholders in the pension fund. The larger the holdings of the pension fund, the more power the stakeholders wield in affecting the corporation.

Hypothesis 2: If a stakeholder is a nonprofit organization in competition with the for-profit organization, we might expect institutional (mimetic) and competitive forces to result in structural isomorphism. Structural isomorphism means that the nonprofit stakeholder comes to resemble the focal organization and, perhaps, the focal organization begins to resemble the nonprofit organization. Furthermore, the greater the power of the nonprofit competitor, the greater is the likelihood of threat to the for-profit organization.

Hypothesis 3: If the nonprofit stakeholder is a contractor to a government agency, we may expect coercive (institutional) forces to dictate a structuration negotiation between the nonprofit and the focal organization. With increased size and power, the nonprofit organization's claim to negotiation may become a claim to power, and, consequently, its ability to threaten a focal organization will be great.

Hypothesis 4: If employees or managers organize to become a stakeholder group, we may expect that either coercive or normative institutional forces will dictate a structuration negotiation between the nonprofit and the focal organization. With increased size and power, the nonprofit organization's claim to negotiation may become a claim to power. This power could enhance a union's ability to threaten and an employee association's ability to cooperate.

Hypothesis 5: If a community stakeholder is a nonprofit, then we may expect that legitimacy (institutional) forces will dictate a structuration negotiation between the nonprofit and the focal organization. With increased size and power, the nonprofit organization's claim to negotiation may become a claim to power, and, consequently, its ability to threaten a focal organization will be great.

Hypothesis 6: If a customer group organizes as a nonprofit stakeholder, we may expect that legitimacy (institutional) forces will dictate a structuration negotiation between the nonprofit and the focal organization. With increased size and power, the nonprofit organization's claim to negotiation may become a claim to power, and, consequently, its ability to threaten and / or cooperate with a focal organization will be great.

Hypothesis 7: If a group of long-term suppliers organizes as a nonprofit stakeholder, we might expect power and dependence forces to characterize a hierarchical relationship such that the focal organization dictates the nonprofit structure. For a large or powerful nonprofit supplier group, the ability to threaten or cooperate with a focal organization will be great.

DISCUSSION

The preceding hypotheses are intended to serve as an impetus for further study of the bilateral (and for an ambitious researcher, network) relationships between (and among) focal organizations and their nonprofit stakeholders. Certainly, when aggregated as organizational stakeholders, nonprofit organizations play a much larger and more important role in the economic, social, and political arenas than is often accorded to them. How important this role is depends on the potential for organizations to collaborate with or threaten one another, as well as the ability of individuals to unite to interact better with the focal organization. Case studies of particular for-profit and government organizations and their management of nonprofit stakeholders would be particularly welcome as a next step in this research agenda. Large-scale organizational and industry studies of the power of nonprofit stakeholders would be a great help in understanding the structurating forces that nonprofit organizations come to impose on focal organizations (and vice versa).

Comparative industry and organizational studies would be particularly welcome, as only they can address the issue of the interaction effects of ownership and external influences (Schlesinger, 1998). As Schlesinger suggests, external influences (stakeholders' impact, in our case) may vary significantly from one industry to another, by geography or over time. The stakeholder model that we have suggested trades off explanatory description (stasis) for dynamism. A model with greater nuance would acknowledge great fluctuations in institutional, competitive, and power dependence forces between bilateral stakeholders over time and across organizations.

As a starting point, this research provides a newer, more comprehensive theory of the relationships between nonprofit, for-profit, and government sectors to expand the traditional notions that nonprofit and for-profit organizations either compete or exist in a vacuum relative to one another. We have proposed a theory that should allow for many different kinds and strengths of relationships between focal organizations and their stakeholders. As such, we expect that we have brought further complexity (and, perhaps, reality) to our collective understanding of the roles that nonprofit organizations play in all types of industries and economies.

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