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Title

Still Hold Aloft the Banner of Social Change? - The Impact of Commercial Revenue on Nonprofit Advocacy

Abstract

Nonprofit organizations worldwide have been undergoing a remarkable transformation of commercialization (Weisbrod, 1997, 1998). Facing fiscal pressures, nonprofit organizations are increasingly seeking commercial means of financing, reflected in the substantial increase of program service fees and sales income as a source of nonprofit revenue. As a result, “the scope, scale, and variety of the penetration of commercial impulse into the nonprofit sector took on a whole new dimension in the two decades” (Young, Salamon, & Grinsfelder, 2012, p. 522). There is growing concern about this overall trend. Salamon, Anheier & Associate (1999), for example, warned that it might put nonprofits in heightened danger of losing touch with their citizen base.

Would commercialization compromise the civic-oriented functions of the nonprofit sector? In particular, would an increase in commercial income negatively affect policy advocacy, an essential function of nonprofit organizations (Guo & Saxton, 2010)? While some research has examined the effect of commercialization on private donations and volunteers (Guo, 2006; Kerlin & Pollak, 2010), the relationship between commercialization and nonprofit advocacy has received relatively little scholarly attention. Most of prior research focuses on examining the association between nonprofit advocacy and organizational properties such as size, age, leadership or institutional environmental variables especially government funding (Almog-Bar & Schmid, 2014).

This research aims to fill this gap by examining the impact of commercial income, mainly fees and sales of products and services, on the scope and intensity of nonprofit advocacy activities. It constructs a theoretical framework with a key hypothesis: the level of commercial income is
negatively associated with the scope and intensity of nonprofit advocacy. The hypothesis is tested with data from a mail survey conducted in 2012 among 125 Institutions of a Public Character (IPCs, one most advanced type of nonprofit organization in Singapore). This research further examines whether some democratic governance arrangements such as “representation capacity” would mitigate the negative effect and help nonprofit organizations remain their charity identity in advocacy activities.

As one of the pioneering studies in the field, this research sheds light on the understanding of nonprofit advocacy activities in the wave of commercialization.

**Keyword**

nonprofit advocacy, commercial revenue, representational capacity, Singapore