



SIG 11 - PM&NPM - Public and Non-Profit Management

We invite you to submit your research to explore the theme of *The Business of Now: the future starts here* for the EURAM 20th Conference.

We look forward to receiving your submissions.

T11_07 - The Business Models of Nonprofit Organizations

Proponents:

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Short description:

The growing importance of nonprofit organizations (NPOs) in modern society has led to an increase in scholarly attention to the nonprofit sector, particularly in the social and political sciences. Despite numerous studies on the nonprofit sector, few have focused on the business model of these organizations. Research in business model literature remains focused primarily on the for-profit sector, with only in ancillary attention paid to the unique characteristics and issues faced by nonprofit entities. The purpose of this Topic is to discuss about the issues of the business models of NPOs.

Long description:

To date, studies on business models still focus on economic value creation as the end and essence of the for-profit organizations (FPO) business models (Chesbrough, 2007; Johnson, Christensen, & Kagermann, 2008; Osterwalder & Pigneur, 2010; Teece, 2010), even when sustainable business model perspectives include environmental and social value along with economic ones (Schaltegger, Hansen, & Lüdeke-Freund, 2016). Many scholars have outline the specific class of nonprofit organizations (NPO) due to their distinctive business models priorities which contrast starkly with those of FPOs (Brehmer, Podoyntsyna, & Langerak, 2018). NPOs follow a logic of proposing, creating, and capturing social value as the ultimate goal (e.g. Moore, 2000). The final value delivered by the nonprofit sector is the achievement of its social purpose (Oster, 1995); economic value is merely one of the ways to achieve this goal. However, despite significant improvements, the sustainable business model perspective remains generally focused on for-profit organizations because this perspective does not take into account two of the most important features of nonprofit organizations: 1) the value created by NPOs lies in the achievement of non-economic value, and 2) the complexity of stakeholders, i.e. donors can be different from beneficiaries (Blank, 2016; Week, 2010). Even for responsible FPOs, economic value creation remains the ultimate goal, non-economic value creation is meant to contribute to that economic value creation and, at the same time, respond to consumer demands. NPO business models reverse this causality by putting non-economic value creation first. In contrast to FPOs, for NPOs, economic value creation is merely a means for the ultimate purpose of improving non-economic goals. Existing studies on NPOs and business models reveal features that distinguish the nonprofit from the for-profit sector, particularly highlighting sustainable value creation as the ultimate purpose of NPOs. However, a research gap



remains on the value creation for these specific organizations. In fact, studies have demonstrated the twofold nature of value proposition in current business practices, but existing literature has not provided a clear understanding and conceptualization of value creation for NPOs. One of the contributions of the research of this Topic to the academic literature is that it responds to the recommendation of Schwenger, Straub, and Borzillo (2014) on the importance of business research on nonprofit organizations. Therefore, purpose of this Topic is to discuss about the business models of NPOs.

Keywords:

Business models
Nonprofit Organizations
Social purpose
Social value

UN Sustainable Development Goals (SDG):

Goal 16: Peace, justice and strong institutions, Goal 17: Partnerships for the goals.

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