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Commercialization in Nonprofits: Tainted Value?

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COMMERCIALIZATION IN NONPROFITS: TAINTED VALUE?

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The nonprofit sector is viewed as one of value and voice for those in need, but the trend of commercialism is resulting in questioning such virtues for the sector and its role in civil society. For the most part, commercialization has a stigma attached to it in relationship with the nonprofit sector. Are the lines too blurred? Is the mission lost? What does this mean for maintaining civil society? These are all questions surrounding the practice of commercialism. This paper explores the growing utilization of commercial activity within the nonprofit sector and its potential effects, both beneficial and harmful. The first section introduces commercialization and takes a brief look at the concept itself through the current environment and practice. The section continues with an overview of contributing factors – specifically revenue sources and relationships driving the change in practice; benefits and risks; and a focus on the mission. The second section discusses future implications commercialization has on the nonprofit sector and on civil society, followed by concluding thoughts.

> We are in a competitive environment where it will no longer be sufficient to point out our long history and experience for providing services.
>
> – *Michael Reagan, President, Proaction Behavioral Health Alliance (2006)*

> Nonprofits search for new sources of revenue, and this brings them into increasingly complex relationships with the rest of the economy. They have been successful, overall, in finding ways to increase revenues, but that success has brought side effects, for nonprofits have become more and more 'commercial.'
>
> *– Burton A. Weisbrod (1997)*

INTRODUCTION

In his 1997 article, *The Future of the Nonprofit Sector: Its Entwining with Private Enterprise and Government*, Burton Weisbrod predicts that increased fiscal pressures would lead nonprofit organizations into more creative commercial activity, blurring the lines between the sectors even further. According to Clotfelter and Ehrlich (1999), "The very term 'nonprofit' suggests a conscious judgment to stay out of the business of business" (p. 504); but reading on they also suggest, "Commercial enterprises provide institutions new resources to put to good use" (p. 510). What may seem a contradiction in terms is actually a current debate in regard to the increasing commercialization of the nonprofit sector – a debate Weisbrod explored over a decade ago that continues today. With the change in the nonprofit climate, commercialization has caught the attention of many nonprofit scholars along with Weisbrod, including Froelich, Gronbjerg, Salamon, and Young, just to name a few.

Commercialization in and of itself is complex and broad in scope. The Merriam Webster Dictionary defines commercialism as *to debase in quality for more profit*. The underlying notion of commercialization is not new, but the adaptations to the concept in recent years are far more dynamic than years past; and with these new dynamics, there is a sense of uncertainty and unanswered questions.

Does this concept have a place in the nonprofit sector? What about the mission? Does it remain the core of the nonprofits, especially as it becomes increasingly more difficult to distinguish the practices from sector to sector? What is the true driving force behind the shifts in revenue and what impact do they have on the future operations? Is commercialization a benefit or a detriment to the sector? Is the sector still defining and redefining civil society?

This paper explores commercialization and its effects on nonprofit organizations. The paper is divided into two main areas examining first, the concept itself including the environment, practice, contributing factors, benefits and risks, and specific attention to the mission; and second, a glimpse into future implications for the nonprofit sector and civil society, followed by concluding thoughts.

THE CONCEPT

Environment

As Young and Salamon (2002) point out, nonprofit organizations have been practicing commercial ventures since the beginning years of the sector itself. Backman and Smith (2000) discuss how nonprofits historically relied on various revenue fees before the federal funding opportunities in the 1960s and 1970s – universities relying on tuition, child and family service agencies utilizing fees for service, and arts organizations depending on ticket sales (p. 360).

How then is today different from years past? The difference is the "scope, scale, and variety of commercial engagement" that has occurred over recent decades (Young & Salamon, 2002. p. 424). Hodgkinson and Nelson (2001) discuss major issues facing the nonprofit sector, namely political, economical, and technological changes. They cite these contributing factors: public policy; commercialism, competition, and collaboration among the sectors; increased potential of giving and volunteering; and new forms of philanthropy (p. 113). Young and Salamon (2002) go on to present six factors that have led to more commercialization in the sector: fiscal squeeze, expanded demand, increased for-profit competition, growing competition among nonprofits, broader availability of corporate partners, and increased demands for accountability. In responding to these factors, they view the nonprofit/for-profit relationship stronger now than any other time in history as nonprofit organizations are utilizing the market to work in their favor during these challenging times – referencing earned income, social-purpose enterprise, and collaborations between the nonprofit and for-profit entities as a few examples.

Alexander, Nank and Stivers (1999) state: "(Nonprofit) organizations are caught in an environment that challenges the values and methods that have characterized the sector to date." They reference pressures from government and funders to become more businesslike in their practices, competition with for-profit organizations, and decreased (government) funding as some of the primary challenges nonprofit organizations face. "The current environmental changes have reconfigured the rules for organizational survival" (p. 456).

Alexander et al (1999) conducted a yearlong study targeting agencies serving children and youth within the nonprofit sector of Cuyahoga County, Ohio. The study aims to assess "the impact of devolution and related efforts to introduce generic management practices in the nonprofit sector." Results from the study indicate that the long-established, traditional organizations (e.g. YMCA, Red Cross, Salvation Army) are in a better position to professionalize themselves and adapt to the current changes versus the community and faith-based organizations. The latter organizations struggle due to a "lack of service capacity, economies of scale, revenue flows, and trained staff." These organizations are "responding to the current environmental shifts by cutting programs, rationing services, and charging fees when possible" (p. 458). Focus groups throughout the study also reveal those with a mission to serve the indigent clientele find it increasingly difficult to continue due to the aforementioned challenges along with government reimbursement not covering the true costs involved. The nonprofit environment is in continuous flux. Less established entities face even greater challenges to exist. "The world of nonprofits is already changing rapidly as mergers and funding requirements swallow up or drive out the smaller nonprofits" (Balfour, 2003). Further results from the study show:

> Nonprofits of all types indicated that adaptation to the current changes in funding was changing the nature of their services; it had substantially diminished their capacity to be political. Nonprofits have historically generated a variety of public goods. They have provided the institutional base where citizens could come together and discuss their problems, thereby engaging in an active form of citizenship. Nonprofits have advocated for their client communities, giving voice to their needs in policy dialogues; they have provided community education through outreach programs; and they have served the indigent. Organizational representatives of all types indicated in focus groups and in survey results that these various public goods of research, teaching, advocacy, citizenship, and serving the poor are progressively falling away as nonprofits push to adopt more market-oriented practices, and to meet individual client demand rather than community need. (Alexander et al, 1999, p. 460)

Practice

So what does the practice of commercialization mean? It means nonprofit organizations need to adapt to the ever-changing environment and venturing into commercial channels is one approach to that adaptation. According to Backman & Smith (2000):

> The shift away from traditional nonprofit structures is most pronounced in health care, but it is also affecting many other nonprofits – from arts organizations to child welfare agencies – as they seek to be more commercial and entrepreneurial in response to changes in public and private funding and public policies. (p. 356)

Commercial activity ranges from collaborations, competition, or cross-subsidization in its use. One of the forefront leaders in making the shift is Research and Development as various universities are *collaborating* with private corporations in order to further their progress in the field (James, 2003). Nonprofits also *compete* with the for-profits, as seen through the following examples: museum shops, medical centers running trials for drug companies, food banks building food-dehydrating plants, or churches running travel tours (Weisbrod, 1997). *Cross-subsidization* is evident in the practice of university research subsidized by undergraduate tuition or adult education, or hospital gift shops (James, 2003), to name a couple of examples.

Each organization's capacity for using commercial activity varies, but the more established, larger organizations – staff and budget – show a trend to utilize it to a greater degree (Guo, 2006). It is also these organizations that are feeling the pressure to make this shift, whether it is seen as a necessity for sustainability or opportunity for growth. Overall, the reviews are mixed. Using a path model, Guo (2006) conducted research on the effects of commercialization on organization outcomes. The results indicate:

> Commercialization does not make a significant contribution to an organization's ability to attract and retain donors and volunteers, mission, and program and/or service delivery, when other factors are held constant. The results, however, show that commercialization has a significant positive impact on the organization's self-sufficiency, reputation, and ability to attract and retain staff. In other words, higher levels of commercial income are associated with higher assessments of some aspects of the organization. (p. 134-135)

Guo reiterates that due to the changing environment, many nonprofits need to "act as profit seekers" (p. 124). How each organization chooses to use these ventures is vital – to address private objectives or continue to address social objectives and further the mission (which is explored later in the paper).

Toepler (2004) conducted a study examining the concept of commercialism in the nonprofit sector. Toepler presents, "While the commercialization of the sector has become pronounced, our understanding of the reasons underlying the phenomenon remains somewhat limited" (p. 2). His driving force to conduct this research was to examine and evaluate the commercialization debate, which presents two perspectives: (1) policy changes, stemming from the 1980s, causes commercialization; or, (2) commercial cross-subsidization has been an effective and successful strategy (p. 6).

In order to conduct his study, Toepler collected data from the Metropolitan Museum of Art in New York, covering a forty-year time span from 1960-1999. The museum was chosen for the study due to its more recent intensity in pursuing merchandising (p. 7). Toepler evaluated the financial data (revenue) of the museum to measure trends in the commercial activity levels over the forty-year time span. By the end of the study, Toepler came to the following set of conclusions:

- The case shows a significant upswing of commercial revenues;
- The case also calls into question the assumption that commercial activities are necessarily non-preferred by nonprofit managers…managers will forgo commercial income if they have access to donative financing sources; and,
- If commercial activities are primarily pursued to generate resources, then this case study suggests that the development of business-like ventures may not always yield the expected long-term results. (p. 13-14)

It is important to also note Toepler's reference to Dees (2001) concept of a "continuum" in regards to commercial activity for nonprofits. This continuum helps address the complexity behind commercial activity. It provides a range of activity from fully (or purely) philanthropic to fully (or purely) commercialized. Tuckman (1998) reiterates this continuum:

> Between the extremes of a single nonprofit organization offering an occasional sellable product, and the nonprofit involved in multiple markets with a strong appetite for capital, lie several organizational forms that have evolved in response to competitive conditions in mixed-mode settings. (p. 187)

In the struggling economic times, organizations are forced to make adaptations in order to survive, commercialization being one of them. “The increase in commercial activity is an example of adaptation to evolving resource realities” (Froelich, 2001, p. 190).

Contributing Factors

When asked how commercialization is affecting his agency, the President of a local human service nonprofit replies, “To succeed as a nonprofit, the key is to know why we are in business, which then defines the mission and directs our organization to which strategies align best.” In the case of this local nonprofit, the reality is that there is a lack of investment in behavioral health; as a result, the agency, along with many of its counterparts, is striving for a mix of revenue. The Executive Director affirms this course of action in acknowledging that with increasing expenses, the need is great for a payer mix – “Realistically, if we do not change up our payer mix, we will not continue to be in business.”

The change in environment is affecting all levels of the nonprofit sector – locally, nationally, and globally. Many nonprofit scholars are examining why this change is occurring. Young (1998) conducted case studies on six national associations – American Lung Association (ALA), American Cancer Society (ACS), Girl Scouts of the USA, Camp Fire Boys and Girls, Child Welfare League of America, and the American Association of Retired Persons (AARP) – from which he compares revenues gained by each through the use of commercial activity. Each organization utilizes commercial revenue and each refers to continuing to explore their options of revenue.

Eikenberry and Kluver (2004) discuss the marketization of nonprofit organizations in relationship to two theories – resource-dependency theory and institutional theory:

> Resource-dependency theory assumes that organizations require resources to survive, and so must interact with others who control these resources. In this sense, organizations depend on their environment…(while) one of the main assumptions of the institutional theory is that organizations are best understood as embedded within communities, political systems, industries, or coordinative fields of organizations…this implies that to understand the internal attitudes and behaviors of nonprofit organizations, one must understand the external environment and its pressures on an organization. (p. 133)

Froelich (2001) claims with the environment the way it is – uncertainty and lack of resources in “traditional sources of income” – it is not surprising that nonprofit organizations are seeking alternative revenue (p. 183). She goes on to say, “Basically, an organization must manage rather than be controlled by its resource dependencies, and continually adapt its strategies to the resource environment” (p. 190). When addressing why nonprofit organizations are moving toward commercial activity, two contributing factors stand out: revenue and relationships.

Revenue

Nonprofit organizations are called to rely on a variety of resources and activity to support their operations – the diversification of revenue strategies (Froelich, 2001). Young (1998) reports that, “Overall, income from sales of services now constitutes the largest and fastest-growing source of revenues for private, nonprofit organizations in the United States, proportionally larger than charitable contributions or income from governmental sources” (p. 195).

Many nonprofit scholars suggest one of the main contributing factors to commercial behavior is the fiscal challenge. “Between 1965 and 1993, contributions as a share of nonprofit revenues fell by half, from 53 to 24 percent” (Clotfelter & Ehrlich, 1999, p. 510). Gais and Bowman (2003) refer to the fiscal challenge as the “perfect storm” that nonprofits are caught in, as there is no feasible alternative when cuts to funding occur:

> Nonprofits are changing the ways they work in order to deal with fiscal crisis…(nonprofits) plan to manage worse-case scenarios and better meet constituent needs by filling a niche; they manage expenses by strategically cutting budgets and tactically cutting costs; they raise revenue through innovation and aggressive diversification of revenue sources; they create strategic alliances and mergers; and they advocate for themselves with state and county legislators. Some of these ways of coping involve temporary change and some require structural change, but none of these strategies will totally solve the problem. (p. 2)

Nonprofit organizations are forced to diversify revenue streams in order to maintain operations. The environment favors those who are able to offer multiple services in order to offset costs not reimbursed elsewhere (Alexander et al, 1999). Nonprofit organizations are delving into uncharted waters – a place of increased competition and growing political attention, but also a place of growth, sustainability, and self-sufficiency (Weisbrod, 1997; James, 2003; Guo, 2006).

Relationships

Is the nonprofit sector able to be self-sufficient? The sector's relationship with government is steering nonprofits to sustain itself as government funding continues to decline. Nonprofit organizations, especially those heavily relying on government funding (e.g. health care and human services), have no choice but to look to alternative revenue sources, including commercialization.

Gronbjerg and Salamon (2002) address the shifting relationship between the government and nonprofit sectors, as they look at five specific changes in policy that they contend have led to shifts in relations. One of the five policy changes Gronbjerg and Salamon discuss is increased marketization of the nonprofit sector due to government support shifting "away from producer-side subsidies…toward consumer-side subsidies" (p. 447). Gronbjerg and Salamon state that this shift has opened the door for for-profit entities to market themselves in the same environment as nonprofits, resulting in increased competition between the sectors. While Hodgkinson and Nelson (2001) state:

> Although nonprofits receive some of their funding from the government, public money in 1996 represented less than one-third (31.7%) of total funds in the sector. While this figure reflects a noticeable increase from 26% in 1977, the nonprofit sector must generate two-thirds of its income from other sources such as dues, fees and private contributions. (p. 114)

With the change in relationship with government, is commercialization the route to take for nonprofit organizations? The reviews are mixed, but depending on perspective this change in direction is one of both benefit and risk.

Benefit & Risk

While discussing the "Commercialization Phenomenon," Toepler (2004) presents two arguments. First, nonprofits engage in commercial activity for *social entrepreneurship*, meaning more of a business-oriented perspective. Supporters of this argument believe it leads to greater efficiency and effectiveness, reduces dependency on donative support, increases managerial autonomy, and overall results in organizational self-sustainability (p. 3). While the second argument, *commercialization* or *marketization*, concentrates on the problems involved, primarily mission displacement, shift in clientele, and loss of distinct characteristics of the nonprofit sector (p. 3). Young and Salamon (2002) address commercialization in discussions regarding the free market:

> Many nonprofits have enthusiastically embraced the new market impulses and found ways to integrate them creatively into their operations. As a consequence, a significant commercialization or marketization of the nonprofit sector appears to be under way, although with consequences that are far from clear. (p. 423)

Froelich (2001) claims that due to continual change in the environment, mainly that of funding resources, there are both threats and opportunities for nonprofits in regard to funding relationships (p. 182).

Just as Toepler presents the two sides of commercialization, numerous others weigh in to the debate as well, all with the same underlying theme – what *may* be the outcomes from such activity. The practice goes back to the earliest days of the sector, but with the new and ever-changing dynamics of the present environment, prior outcomes are not comparable in measurement. There is uncertainty of where or how this practice will affect the sector now or in the years to come.

So, the debate continues as well as a plea for future research. Those who support the effort see opportunity, a new energy and creativity, independence and sustainability. Those who oppose see a loss of mission, purpose, and serving those in need – values that set the nonprofit sector apart. Young and Salamon (2002) present, "It is far from clear whether the public understanding, or approval, has kept pace with the scope of the changes under way, with the result that the sector's most precious asset of all – the public's trust – may increasingly be at risk" (p. 424). Backman and Smith (2000) argue commercialism may produce healthier organizations, but less healthy communities as relationships with stakeholders will shift, undermining the nonprofits' ability to "create social capital" (p. 363). In the end, James (2003) contends, "So long as the charitable goal of the nonprofit remains the driving force, such commercialization has a positive impact on the finances and long-term stability of the organization and sector" (p. 29).

Mission

The question then presents itself, *are* nonprofits maintaining the mission as the driving force? Many fear the mission is compromised when the concept of commercialization is introduced. In discussing the mission with the President of the local human service nonprofit, there is recognition of the mission's importance, but also a look at reality:

> We have a commitment to serve, which means we also have a commitment to measure and to continually reevaluate our practices with our mission; but there is also the reality of the financial outlook and the bottom line. Without the bottom line, we will not be in existence.

In adding to the discussion, the Executive Director conveys that the agency continues to be directed by the mission, but tapping into new revenue sources can only help in progressing toward financial stability during this challenging time and moving forward.

Both Froelich (2001) and Young (1998) make reference to the various forms of commercial activity in relation to an organization's mission. Using museums as an example, Froelich lays out the relationships as follows:

- Goods and services *unrelated* to the mission (e.g. snack bar);
- Goods and services *related* to the mission (e.g. gift store); or,
- *Directly* charging fees for services (e.g. admission fees, p. 183).

Paralleling Froelich's viewpoint, Young references Estelle James' (1983) model of nonprofit-organization behavior:

- Favored outputs – related to mission and valued by managers;
- Neutral outputs – unrelated to mission and to which managers are indifferent; or,
- Disfavored outputs – may impair the mission or are distasteful to managers (p. 196-7).

According to Frumkin, nonprofits are faced with the challenge of fulfilling a mission valued by all stakeholders – staff, board, funders, and the community. "Nonprofits must create value within operational and environmental constraints that are at once more complex than those faced by corporations and more opaque then those confronted by government" (2000, p. 160).

Numerous nonprofit scholars give consideration to the concept of commercialism with cautious optimism for advancing the mission through new opportunities, all the while voicing fear in the uncertainty of outcomes. Hodgkinson and Nelson (2001) reiterate the fact that nonprofits are increasingly competing across sectors bringing a toll on the mission. They go on to say the use of commercial activity holds promise, yet entails compromise in balancing mission, image and integrity for the organizations (p. 116).

Through his studies, Young (1998) finds the same trend, "…mission is an overriding consideration in decisions to undertake commercial activities, although the connection to mission is sometimes indirect and subtle." Young claims the key to this success is the use of "missions framed in very broad terms," making it difficult to specify (p. 196). Even with the use of broad terms in the mission, the trend shows the mission continues to be referenced in the decision-making regarding the use of commercial activity.

The mission is the core value of the nonprofit organization. With all the revenue shifts taking place, primarily that of increased commercial activity by the sector, the future outcomes, or even consequences, are uncertain.

FUTURE IMPLICATIONS

With the uncertainty surrounding the practice of commercialism and the lack of research on the topic in general, the future implications can only be speculated at best currently; but it is important, nonetheless, to touch on the implications on the nonprofit sector and civil society.

The Sector

One thing that can be agreed on is that commercialization is a growing practice for nonprofit organizations. Tuckman (1998) claims the commercial activity of nonprofits is driven primarily by these factors: to replace declining revenue through the government, to help fund new initiatives, and to compete with its counterparts already utilizing commercial activity for their benefit (p. 190). So, what sets the nonprofit sector apart when practices begin to blend across the sectors?

According to Frumkin (2000), the challenge and key for nonprofit organizations is to find processes that utilize their unique strengths and competencies. "Rather than abandon the values that lie at the heart of their operations in pursuit of a new bottom-line approach, nonprofits may need to focus even more clearly on their distinctive mission" (p. 157). Building strategies around the mission and values enables nonprofit organizations to be better equipped in meeting the challenges of the shifting environment. It is essential for the nonprofit sector to build upon the strengths that set it apart from the other sectors in the first place. "Recapturing the value-driven side of nonprofits, and demonstrating how those values will ultimately lead to better outcomes for service recipients, is a crucial part of developing a sustainable, competitive strategy" (Frumkin, 2000, p. 142).

What does this hold for the local human service nonprofit? In the field of behavioral health, the reality is fee for services is here to stay. The agency President also stresses:

> We need to look at what we do best as an organization and continue to improve on it. The future is a moving target with a lot of aspects not within our control. We are shaped by bigger systems and harsh realities, and it is a payer-ruling environment. We, as stakeholders, need to be at the table when it comes to decisions being made.

Nonprofit organizations are facing both reality and opportunity in commercialization. Whether organizations collaborate or compete, the sectors are more dependent on each other now than ever before (Hodgkinson & Nelson, 2001). Young and Salamon contest:

> The growing integration of the nonprofit sector into the market economy thus opens a Pandora's Box of challenges and risks. But it also unleashes important energies and creates significant new opportunities to pursue long-standing social goals. Although it is essential to keep the challenges clearly in view, it would be foolhardy to let the opportunities go unexplored. (2002, p. 443)

Backman and Smith (2000) contend that if nonprofit organizations build positive social networks to help guide them in their operations – "good community ties, broad-based support from key local organizations and public and private leaders, and adequate community representation on its board or in its membership" – commercial initiatives can be beneficial to the organization (p. 367). In order to keep the mission the driving force, nonprofit organizations need to continuously cultivate these relationships building on the value stakeholders have come to know and trust. Stakeholders of the nonprofit sector hold a participatory role in its success. There is invested interest in fulfilling the mission and enabling civil society.

Civil Society

In discussing the potential effects of commercialization on civil society, many nonprofit scholars weigh in to the debate. There is the continued sense of uncertainty – uncertainty as to how the outcomes will play out for the sector itself and civil society. Some feel the use of commercial activity may be beneficial in the short-term, but in the long-term may do more harm than good:

> The nonprofit sector in the United States has increasingly adopted the values and methods of the market to guide management and service delivery. The outcome is the potential deterioration of the distinctive contributions that nonprofit organizations make to creating and maintaining a strong civil society. (Eikenberry & Kluver, 2004, p. 138)

Few feel secure enough in the practice of commercial activity by nonprofit organizations to fully endorse the concept. The majority feel the true outcomes are yet to be seen – beneficial or not; but with the waiting comes the uncertainty once again and fear in the knowledge that what nonprofits choose for their course has an ultimate ripple effect on society. Gallagher (1997) stresses, "…the importance of charities to society lies not just in the services they provide, but the values they foster and encourage and particularly the values of altruism, pluralism, and community" (p. 10).

The underpinning theme throughout the discussion regarding civil society is that in order for nonprofits to gain in commercial ways, they lose the sense of *civic mindedness* and *citizenship* – values that help define and shape the sector and its contributions to civil society. According to Alexander et al (1999):

> Many of the comments made by nonprofit representatives suggest that the public- spiritedness of community nonprofits is threatened by increasing pressure to become more businesslike and professional…Civic mindedness and participation are not efficient, and pressure to do more with less – or less with less – inevitably forces priorities to be set in terms of bottom line rather than in terms of building social capital. (p. 462).

The threat of negative consequences of commercialization on civil society weighs more heavily than the potential benefits. The shift of "citizens" and "clients" to that of "consumer" in the nonprofit sector creates a change in relationship with those served (Backman & Smith, 2000). Weisbrod (1997) argues the exchange between for-profit and nonprofit organizations are beneficial to the organizations, but not always society. He states, "The managerial 'creativity' can be brilliant but socially inefficient" (p. 548).

In the end, many feel the sector will be divided with some nonprofit organizations more difficult to distinguish from the for-profit sector, while others continue to adhere to the mission and build civil society. It appears the effects of commercialization still remain unclear, but as Young and Salamon (2002) suggest, "How the balance between the opportunities and the risks play out may well determine the future of this set of institutions and its ability to continue making its distinctive contributions to our national life" (p. 440).

CONCLUSION

Are the lines too blurred? Is the mission lost? What does this mean for maintaining civil society? After exploring the concept of commercialization in the nonprofit sector, the questions remain. The answers lie in who is being asked and what perspective is taken. The lines *are* blurred to some degree, but is this a detriment if it helps an organization to further its mission and best meet the needs of those it serves? Research and Development is leading the collaborative efforts with private corporations, but would they be able to make the progress they are without such efforts? Is it realistic to think the funds, support, and resources will continue to be available to nonprofits through the same revenue sources as years prior? The environment is continuously shifting and the necessary adaptation to the shifts is taking its toll on the sector. Froelich (2001) states, "Fear of the unknown effects of revenue diversification and increasing commercial activity focuses attention on the darker possibilities while ignoring limitations of the more familiar revenue strategies" (p. 191).

As for the mission, it is essential for nonprofit organizations to keep it at the forefront of all decisions – the driving force. Many fear its compromise, but lose sight of its strength. The mission is the founding principle for all nonprofits. Gallagher (1997) states, "Charities must walk a careful line, balancing their commitment to their missions against the need for revenue streams that are adequate to the task" (p. 6). Is commercialism any more of a threat to the mission than some parameters placed on organizations by their own funding sources? There is a bigger picture here to consider. The scarcity of resources is the true challenge of the nonprofits to uphold the mission. Weisbrod (1997) presents:

> What is the future of the nonprofit sector? That depends on nonprofits' success in finding new sources of revenue. Donations are a very limited source. Volunteer time is important but not easily substituted for money. Increased user fees and commercial activities all bring troubling side effects. The nonprofit sector is entwined with the rest of the economy and is likely to become even more entwined in the future. One matter is both clear and critical: Competition for resources is driving all organizations – nonprofit, for-profit, and government – to search for new markets, and a market that is new to one type of organization is quite likely to be occupied already by another. (p. 552)

Although many nonprofit scholars hit on the key aspects of commercialization, there appear to be more loose connections, broad definitions, and no real sense of the actual impact on the nonprofit sector for the future and civil society. Alexander et al contend, "…the organizational networks that are a vital aspect of a democratic civil society are threatened by the competition set in motion by the survival-of-the-fittest devolution dynamic" (1999, p. 462).

Looking back to Toepler's study, the research shows a shift in revenues over the decades examined, primarily, commercial activity increasing and contributions decreasing. Although Toepler's study does not provide conclusive answers to the questions raised, it is a start in the right direction for researching the "commercialization phenomenon." Froelich stresses, "It is important to acknowledge that all revenue strategies have advantages and disadvantages; the ideal scenario with continuous flows of funds for unencumbered mission pursuit is not and never has been the reality for nonprofit organizations" (2001, p. 189).

The commercialization of a sector – controversy, opportunity, survival; varied perspectives are the key as to why this phenomenon is one of debate, and one in need of further research.

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