Preface

OVERVIEW

In recent decades, the socio-economic environment has undergone profound changes. The increasing complexity of modern society requires new management models able to integrate and direct it, as well as coordinated systems where the responsibility does not rest almost exclusively on public or private authorities (Anshell & Gash, 2008). This new context requires cooperation formulas involving institutions publicly funded through taxes and budgets, other private companies that obtain the necessary resources from the market for their operation, and nonprofit organizations whose human and material resources come basically from the voluntary solidarity of citizens. Precisely, this work addresses one of these pillars, the Third Sector, which is gaining prominence in the framework of civil organization, as the main actor. The weight of the nonprofit sector throughout global economy has continued to grow and is today a very important part of the European economic and social fabric.

Non-profit organizations are often referred to as the “Third Sector,” voluntary or non-governmental organizations (NPOs/NGOs) (Anheier & Kendall, 2001; Giddens, 1998). Referring exclusively to the non-profit sector of social economic, Ayensa (2011) notes that this area is made up of two million companies that represent 10% of the employment in the EU, around 20 million workers who involved 4% of the gross national product of the European Union. Despite these magnitudes, to assimilate the relevance of the Third Sector there are other aspects to be considered that are difficult to quantify. Ayensa (2011) highlights three. First, how the social dimension of the sector broadens as it includes the contribution made by voluntary work. Second, the sector characteristically offers employment opportunities to groups that are traditionally disadvantaged labor-wise, such as women, youth, and the disabled. Finally, many Third Sector organizations provide services locally, thus capitalizing on the social fabric closest to home.

The nonprofit organizations not only bring together most of the volunteer work, but also represent a significant proportion of gainful employment in specific sectors of activity. The motivations that have favored the proliferation of Third Sector organizations are varied. Rose-Ackerman (1996) suggests three possible answers: trust, generosity, and ideology. Trust and generosity come into play when customers and donors have incomplete information about the quality of service provided and to which they contribute. The fact that there are customers and donors who don’t require a reasonable return on their investment could close them up to the nonprofit industry. Meanwhile, ideology refers to the existence of “non-profit entrepreneurs” with a different mission to profit maximization, entrepreneurs seeking to fill a need in the market without having to be accountable to investors seeking profits in exchange. The study on the Third Sector presents a serious conceptual problem, since not even the term itself has a clearly defined origin. In 1973, Levitt described the Third Sector as a space for public performance that is covered neither by the state nor the market. Around the same time, particularly in Issue # 4 for the period July-August 1973, the Public Administration journal published the work of Amitai Etzioni entitled “The Third Sector and Domestic Missions.” Here, the author referred to the existence of a social sphere
that moves between the state and the market, an area populated by organizations capable of combining entrepreneurship and the efficiency that lucrative business prides itself on, oriented towards the common good of the state and public administration. However, Kingma (1997) refers to the work of Weisbrod (Towards a Theory of a Voluntary Non-Profit Sector in a Three Sector Economy, 1975) as the oldest forerunner of the term Third Sector, making it coincide exclusively with the phenomenon of non-profit organizations. In any case, the concept was originally linked to the institutions that provided services in the field of social welfare, although later this denomination also referred to the group of organizations that, although private, are non-profit, contrary to what transpires in mercantile organizations. From this point of view, the Third Sector encompasses a wide and diverse field ranging from large cooperatives, which operate under the laws of the market but are characterized by a marked social purpose to charity and altruistic as well as cultural societies, or those involving voluntary work.

But the distinction between non-profit organizations and those companies seeking a profit is not as clear or transparent as one might think at first. According to Alter (2007), the spectrum of nuances is determined by organizational motivation, the degree of responsibility to different agents, and the fate of the potential returns on investment (see Figure 1).

The conceptual ambiguity and heterogeneity of this area under study reveals that there is no precise and accurate uniformity in terminology referring to the Third Sector. To the contrary, the literature encompasses a variety of denominations regarding this complex amalgam of organizations: Third Sector, voluntary sector, nonprofit sector, philanthropic sector, charity sector, NGO sector, independent sector, tax-exempt sector, social economy (Sajardo & Chaves, 2006).

According to professors Jimenez and Morales (2008), there are two different conceptions about the emerging reality of the Third Sector: the Anglo-Saxon one—promoted mostly in the U.S. and by Johns Hopkins University—and European-Canadian ones (Québec), promoted by the Centre International de recherche et d’Information sur l’Economie Publique, Sociale et Cooperative (Ciriec). The Anglo-Saxon literature takes the position of the “nonprofit sector,” or “nonprofit organization” (Weisbrod, 1975), considering as such those private organizations which, by virtue of their constitutive rules, cannot distribute profits among the individuals that control them, but instead have to allocate these profits either toward reaching their objectives, or to helping other people who do not exercise any control over the organization.

Although the Anglo-Saxon conception constitutes the most widely held view, it does not always adjust itself easily to the European context. This reason led to the emergence of the orientation toward social economy in Europe, understood as a social utility pole central to a variety of groups whose origin

Figure 1. Spectrum of hybridation
Source: Compiled by authors referring to Alter (2007)
is focused on a force emanating from civil society, with the mission of meeting the needs of society and not of rewarding or providing cover for investors or companies: not for profit vs. nonprofit. Thus, the first such proposal would prioritize social objectives, accepting profit not as an end in itself but as a means to ensure the survival of the organization. This approach distances itself in part from the nonprofit, which would exclude from the Third Sector all organizations that obtain any financial gain.

There is no doubt that the conceptual definition of the Third Sector remains a subject open to a debate that is far from being resolved. Instead, the case presents some profiles that are blurry and insufficiently defined.

In the digital era, it is necessary to understand how NPOs use the ICT in order to obtain and maintain competitive advantages that guarantee the survival of non-profit organizations. ICT facilitate the evolution of new and innovative organizational forms (Matlay & Westhead, 2005) that help organizations achieve sustainable competitive advantage in an increasingly globalized economy (Matlay & Martin, 2009).

In the past, researchers in the field of information systems have focused primarily on private, for-profit organizations. Although research on ICTs into the public sector, particularly on e-Government initiatives, also abounds (Mohan et al., 1990; Sutanto et al., 2008; Teo, 2008), ICT in nonprofit organizations, remain under-studied. Nevertheless, the nonprofit sector has become an important part of the world economy. According to a 2007 report (Pollak & Blackwood, 2007), there are approximately 1.4 million nonprofit organizations in the United States, accounting for 5.2 percent of the Gross Domestic Product (GDP) and 8.3 percent of wages and salaries. The nonprofit section becomes even more important in difficult times. When U.S. economy went into recession in 2009, overall GDP outcome decreased by 2.4 percent from the previous year, but the gross outcome of nonprofits remained stable with a small increase of 0.01 percent (BEA, 2009).

The non-profit organizations are moving too slowly in ICT adoption due to different reasons: strict budgetary constraints, lukewarm top management sponsorship, poor training, insufficient technical support, and conflicts of power. Nevertheless, in recent times new technologies arise in the Third Sector due to changes in its operations and owing the reduction of the cost of the new technologies to which the wider use of open source software has made an important contribution.

The connection between NPOs and ICTs is a promising research field barely explored despite its significance for the survival and success of these types of organizations. It’s time to highlight the role of ICT within the NPOs value chain. It’s time to reflect about the value creation through ICT in the Third Sector.

This book proposes to reflect on new uses of the technologies and their incorporation into procedures and practices of nonprofit organizations. Also, to make explicit how these new technologies provide opportunities for NPOs to adapt successfully to the challenges of the future.

The aim of this book is to explore the issue of ICT management as a key factor to understand the effective and comprehensive deployment of appropriate ICT strategies within the nonprofit sector. ICT have emerged as a major component of any organizational model and developed economy. This proposal focuses on the role of ICT in promoting the development of the social sector. Both theoretical and empirical evidence, which stem from the provision of collaborative knowledge discovery, needs to be discussed in depth. This discussion will serve for proposing a comprehensive strategy for creating an ICT management agenda, one suitable for addressing the ICT needs of diverse nonprofit organizations, and one that will support self-sufficiency initiatives throughout the developing world.
Some of the specific objectives are:

1. Analyze the academic status of the relationship between ICT and NOPs.
2. Understand the importance of ICTs for development in the Third Sector.
3. Show experiences of how ICTs have meant an improvement in the competitive position of the NPO and have meant a learning organizational change.
4. Definitively prove that NPOs should professionalize their management, design, implementation, and use of ICT.

**BOOK’S VALUES AND HIGHLIGHTS**

It is unquestionable that our 21st century society is more dynamic, open, pluralistic, and interdependent, and all of this means complexity. Complexity that must be properly managed to meet society’s needs. The current context requires more social innovation to afford original and creative solutions for the needs and demands that are constantly emerging in today’s rapidly changing societies.

A new agent has taken on a greater role in this environment: nonprofit organizations. Today, the nonprofit sector plays an important role in developing the world’s economy and social wellbeing. In order to have any guarantee of success in dealing with the challenges posed by the increasing complexity of environments, the NPOs must profit from the benefits of new information technologies. Around the world, all civil actors involved in social change are wrestling with the challenges of integrating information and communication technologies within their organizational infrastructures and operations.

Today’s nonprofit organizations are under increasing pressures to improve their professional and managerial profiles and assume more operational accountability (Speckbacher, 2003). Many of the programmes that NPOs are developing would be impossible without the technical advances (Finn et al., 2006). There are several reasons for the diffusion of ICT in nonprofits, such as the progressive reduction of ICT costs, the usefulness of Internet to expand their communications power and size, which entails the integration of ICT in administration processes, in systems of decision-making, and to link the geographically dispersed units.

However, there are also several problems with ICT in nonprofit organizations, which may exclude its use and the investments, and thereby may cause the failure of ICT projects. In order to prevent such a scenario, the focus should be to invest more heavily in ICT with respect to other investments, to identify the more appropriate ICT solutions for specific nonprofits needs, or to recognize the relation between the ICT and the nonprofit mission.

The ICTs juggernaut will continue to destabilize the administrative structures of the NPO community, disrupting the delicate balance between effective service delivery and modernization. The use of ICTs in nonprofit organizations could improve their ability to realize the full potential of their human and social capital, but also the efficacy of their services and programs.

The Third Sector, in general, has fewer financial as well as technical resources than business organizations. This means that substantial efforts must be taken to make information technology applications usable for and targeted towards the perceived needs of users. Therefore, ICT enables nonprofits to improve their capacity through: a) increased organizational efficiency and productivity, b) increased visibility and opportunities to engage with government, the private sector, and the community, and c) improved capacity to raise funds.
Through the 14 chapters of this book, several critical insights emerge that will help the reader find an answer for their own context. Different key themes and subjects are developed though two distinct sections of the book. On the one hand, Section 1, “Innovation Value Creation through ICT,” shows a general framework for uncovering critical insights into the use of ICT in the nonprofit sector, and on the other hand, Section 2 presents “Knowledge in Action: Learning through Experience.” Sectorial cases show the use of ICT and current status in nonprofit organizations, helping one to understand the general way ICT adds value to organization management processes, and showing the best practices in order to be replicated by other third sector organizations.

Section 1, “Innovation Value Creation through ICT,” presents 7 chapters. In chapter 1, “Knowledge and Technologies for Learning and Action Network: Towards NGOs Great Transformation,” Juan de Dios García shows the interest and use of ICT tools in the cogeneration, use, and distribution of the knowledge. This knowledge will launch NPOs towards a major transformation, a strategy of innovation with a global impact. In the second chapter of Section 1, “Key Enablers for Knowledge Management for Australian Not-for-Profit Organizations: Building an Integrated Approach to Build, Maintain, and Sustain KM,” Craig Hume and Margee Hume present research into the relationship of Knowledge Management (KM) with those enabling elements and presents an implementation model to assist Not for Profit organizations (NFPs) in better understanding how to plan and sustain KM activity from integrated organizational and knowledge worker perspectives. The model emphasizes an enduring integrated approach to KM to drive and sustain the knowledge capture and renewal continuum. Different ways to reach transparency and trust through communication management in Spanish nonprofit organizations, a chapter by José María Herranz de la Casa, is devoted to analyzing how communication management can improve transparency and trust in nonprofit organizations. The author concludes that if transparency and communication management are added, the result could achieve notoriety, trust and reputation for nonprofit sector. In chapter 4, “Social Media and Social Change: Nonprofits and Using Social Media Strategies to Meet Advocacy Goals,” Lauri Goldkind and John G. McNutt investigate how technological advances in communications tools, the Internet, and the advent of social media have changed the ways in which nonprofit organizations engage with their various constituents. The authors explore the history of nonprofit advocacy and organizing, describe the social media and technology tools available for moving advocacy goals forward, and conclude with some possible challenges that organizations considering these tools could face. Teresa Montero-Romero and Magdalena Cordobés-Madueño, in their chapter entitled “Enterprise Resource Planning-System (ERP) and other Free Software for Accounting and Financial Management of Non-Profit Entities,” define how to build an appropriate information system in NPOs to provide the decision makers with reliable, transparent, and timely information. José Antonio Ariza-Montes, Carmen López-Martín, and Ana María Lucia-Casademunt write a chapter about “Crowdfunding: A New Way of Financing for Non-Profit Entities.” This chapter provides a brief review of the main ways of obtaining resources from the non-profit entities in order to appreciate the new tools for doing so, as well as the possibilities of new technologies in this field. Finally, “Issues and Recommendations for Community-Based ICT Implementation in the Social Sector” by Oscar Gutierrez compares ICT management in various sectors. Using the case of Homeless Management Information Systems in the United States, it presents some complexities involved. It then presents a model for understanding the contrasting opposing forces at play in the social sector and offers implementation management recommendations to increase the likelihood of their success.
Section 2, “Knowledge in Action: Learning through Experience,” commences with Ying Xu’s chapter, “The Electronic-Mediated Public Sphere and Environmental Public Participation in China: Implications for Non-Profit Organizations.” This author offers a critical analysis of the new pattern of public participation in the electronic-mediated public sphere. According to Xu, the electronic-mediated public sphere is providing a third power that could help Non-Profit Organizations’ (NPOs) development in relatively conservative societies such as China. In the ninth chapter, “Use and Management of Conventional ICT and Mobile Technology in Microfinance: A Bangladesh Perspective,” Mohammad Badruddozza Mia and Magnus Ramage examine the development of microfinance organizations in Bangladesh. As said by these authors, the proper use of Information and Communication Technology (ICT) may help microfinance intervention in different ways. This chapter looks into the Information Systems (IS) of microfinance of Bangladesh, the extent and intensity of the use of ICT, the factors that hinder the use of ICT in microfinance, the approaches to ICT management, and the emerging mobile technology-based operational model of microfinance and perceived implications of the changing landscape of ICT on this development program. In chapter 10, “The Promise of Information and Communication Technology in Volunteer Administration,” Kelly E. Proulx, Mark A. Hager, and Denise A. Wittstock review the literature regarding theories of technology acceptance and use, technology use in nonprofit organizations, and technology in volunteer programs. The authors present three organizational case studies providing insights about the adoption and use of Volgistics, a commonly used Web-based software designed for volunteer management in nonprofit organizations. Juan A. González-Aguilar, in his chapter entitled “Use of New Technologies in Organizational Change Process in Aprosub,” describes the organizational change implemented by Aprosub, an organization that fight for the inclusion of persons with intellectual disabilities. The author explains how the use of electronic tools allows knowing current status about the health of these people, thus easing swift and precise decision making. “Online Strategic and Operational Planning Procedures in the Integrated Management Information Systems for Educational Institutions,” a chapter by Valeri Pougatchev and Ashok Kulkarni, is focused on strategic, operational hierarchical, non-hierarchical and multi-criteria planning of the educational institutions, illustrated by a case-study example at the University of Technology, Jamaica. Next, in chapter 13, “Accountability and Web Usage in University Foundations: The United States Case Study,” María del Mar Gálvez-Rodríguez, María del Carmen Caba-Pérez, and Manuel López-Godoy claim that ICT management and, in particular, Web pages are fundamental to an adequate disclosure of information and dialog to NPOs’ stakeholders. Centered on University Foundations in USA, this chapter analyzes the demand for new models of accountability in these types of organizations. In the last chapter of the book, “ICT Management and Compliance: An Action Research Project,” João Barata, Paulo Rupino da Cunha, and Sofia Barata present an action research study for the integrated management of ICT and standards compliance. In the practical case that the authors describe, ICT and compliance becomes two sides of a single coin. The findings may assist nonprofit organizations to deal with the increasing pressure of regulations worldwide.

In short, the 14 chapters that make up this book provide valuable knowledge about the functioning of NPOs as well as the added value and opportunities offered by ICTs in their professionalisation.

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REFERENCES


