

Truly Disadvantaged? An Exploratory Analysis of Nonprofit Organizations in
Urban Neighborhoods*

Running Head: Nonprofit Organizations in Urban Neighborhoods

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* An earlier version of this paper was presented at the Annual Meeting of the American Sociological Association, San Francisco, CA, August 2004. The author thanks Mark J. Stern, in particular, for his guidance on this study. The author also thanks Frank F. Furstenberg, Jr., Jerry A. Jacobs, Michael B. Katz, Grace Kao, Janel Benson, and two anonymous reviewers for their thoughtful comments on earlier drafts and gratefully acknowledges superb GIS software assistance from Megan Taggart. Address correspondence to Lindsay Taggart Rutherford, Department of Sociology, University of Pennsylvania, 3718 Locust Walk, Philadelphia, PA 19104, ltaggart@ssc.upenn.edu.

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ABSTRACT

This paper uses unique data on Philadelphia's nonprofit organizations compiled from IRS listings, city cultural fund grant applications, telephone directories and newspaper listings in 1997 and 2003 to test Wilson's (1987) hypothesis that inner-city neighborhoods suffer from a dearth of social institutions. I integrate these data with demographic information from the 2000 census to explore the size and spatial patterns of Philadelphia's neighborhood nonprofit sectors. Results indicate that neighborhoods have suffered a net loss of organizations over the past six years, although most neighborhoods still had over 100 institutions per 1000 residents in 2003. Ethnically diverse neighborhoods and neighborhoods with over 40% of residents living in poverty had the largest nonprofit sectors. Finally, neighborhoods with the most institutions were concentrated in the central city. Implications for policy and suggestions for further research are discussed.

INTRODUCTION

Nonprofit organizations serve a variety of functions in urban neighborhoods. Whether addressing needs that the government and private sector do not meet (Weisbrod 2001), building or enhancing community social capital and participation (Katz 1993; Putnam 2000), providing a political voice for neighborhood residents (Small 2004), or transmitting common norms and values (Coleman 1987; Furstenberg et al. 1999), nonprofit organizations enrich the social life of cities in numerous ways, yet they have been notably understudied by scholars of the city. Although many urban scholars have speculated about the consequences of social institutions abandoning neighborhoods (e.g., Entwisle, Alexander and Olson 1997; Furstenberg et al. 1999; Katz 1993), they have failed to provide convincing empirical support for their claims. Instead, they cite William Julius Wilson's now nearly 20-year-old (1987) argument from *The Truly Disadvantaged* that as middle class residents moved out of inner-city neighborhoods, supportive community organizations, including recreation centers, voluntary associations and churches either closed or moved out as well.¹ Indeed, while most other aspects of Wilson's (1987) argument about the spatial concentration of disadvantage in inner-city "underclass" neighborhoods sparked considerable controversy (O'Connor 2001), his hypothesis about organizations abandoning poor neighborhoods has gone virtually unchallenged (see Small and McDermott 2004 for a recent exception).

Nonprofit organizations have received the most scholarly attention from researchers interested in explaining the purpose and functions of nonprofits, as well as

¹ Small and McDermott (2004) have called this the "deinstitutionalized ghetto" hypothesis.

estimating the size and scope of both national and local nonprofit sectors. However, while nonprofit researchers have developed methods for counting and describing nonprofit sectors, they have been plagued by incomplete and inadequate data. Furthermore, they have failed to explore what their findings mean for urban social life. Although there is much potential for collaboration between these two academic sub-disciplines, they have remained relatively separate thus far.

In this paper, I bridge the gap between these two literatures by using methods developed by nonprofit researchers, as well as unique and comprehensive data on Philadelphia's nonprofit sector in 1997 and 2003, to address Wilson's (1987) taken-for-granted claim that poor, urban neighborhoods lack social institutions. Small (2004) suggests that if researchers fail to investigate the assumptions behind their work, their capacity to understand neighborhood poverty and the mechanisms by which it affects individuals will be severely limited. This paper adopts that perspective and offers a direct test of one of the most common assumptions in urban neighborhood research.

Three questions drive this research. First, do Philadelphia neighborhoods lack nonprofit organizations, as urban scholars have hypothesized? Second, what types of neighborhoods have the largest nonprofit sectors? This question allows me to look specifically at how the racial and economic composition of neighborhoods relate to the size of neighborhoods' nonprofit sectors. Finally, what are the spatial patterns of Philadelphia's nonprofit sector? This is particularly important because Wilson (1987) emphasized the idea of spatially concentrated disadvantage. Thus, it is necessary to understand whether institutionally-rich neighborhoods, for example, are concentrated in

one area. Nonprofit researchers, in particular, have resisted moving to a spatially-oriented analytical framework (see Bielefeld and Murdoch 2004 and Twombly, DeVita and Garrick 2000 for exceptions), while urban scholars as far back as the original Chicago School urban ecologists (e.g., Park and Burgess 1925; Wirth 1938) have emphasized the importance of place in urban research. The ways in which urban spaces are used have a tremendous impact on the social life of the city and the daily lives of its residents (Downey 2003; Jacobs 1961; Wilson 1987).

Because methods of inventorying nonprofit organizations are relatively new and have not been applied to urban neighborhoods, the research presented here should be treated as exploratory and primarily descriptive. My purpose is not to estimate a statistical model that predicts change in the nonprofit sector or number of social institutions in a neighborhood. Rather, I intend to use descriptive statistics and mapping to generate hypotheses for future research. Until researchers begin to examine the nonprofit sector with more complete data, and valid hypotheses emerge in the literature, attempts to construct predictive models are premature.

This paper proceeds as follows. In the next section, I synthesize relevant urban and nonprofit literature, specifically highlighting why nonprofits are important to urban neighborhoods, Wilson's (1987) continuing influence, and how nonprofit research can inform Wilson's (1987) image of poor urban neighborhoods. I then turn to a detailed description of the data and methods used in this study. I conclude with a discussion of the implications the findings have on the social life of cities, as well as on future research agendas in urban and nonprofit research.

LITERATURE REVIEW

The Importance of Nonprofits in Urban Neighborhoods

Hansmann (1987) and Weisbrod (2001) argue that nonprofits arise to fill needs, often of minority groups, that the government has overlooked. If this is the case, we would expect nonprofits to benefit their communities and members in specific ways, by fulfilling these more specialized needs. A growing number of case studies document the effects of specific nonprofits on their communities (Austin 1991; Cnaan and Boddie 2001; DeVita, Manjarrez and Twombly 1999; Silverman 2001a, 2001b; Small 2004; Wolpert 1997). Although these organizations do not always serve the members of the communities in which they are located, these studies indicate that location does matter, as many nonprofits are designed specifically to benefit their surrounding neighborhood (Silverman 2001a). These organizations improve residents' overall quality of life by providing basic services, promoting community cohesion and involvement, and mobilizing residents politically.

Location may be most important to the provision of basic services. Social service and public health researchers have found that clients are more likely to use health and social services that are located close to where they live (Allard, Tolman and Rosen 2003; Goodman et al. 1997). Moreover, although there has been some evidence that many churches and religious organizations tend to serve members that are not locally-based, Cnaan and Boddie (2001) found that the vast majority of congregations in Philadelphia provide some sort of social program to their local community. These included health and human services (e.g., soup kitchens, clothing closets, homeless outreach), educational and

youth programs (e.g., day care, computer tutoring, scout troops, health education, mentoring, recreation, summer day camp), parenting programs, job training, substance abuse prevention, neighborhood improvement, and many more. While basic service provision has long been a key function of nonprofits (Bielefeld 2000), many have argued that nonprofits' role in providing these services has taken on increased importance in light of the devolution of federal welfare services in the past decade (Cnaan and Boddie 2001; Fink and Widom 2001; Gronbjerg and Nelson 1998), which places more emphasis on non-government service providers.

Another way nonprofits can benefit their neighborhoods is by increasing residents' participation in their communities, thereby enhancing community cohesion and building community social capital and informal social networks (Putnam 2000; Stern 1997; Yancey and Ericksen 1979). By providing venues for residents to interact and discover or celebrate common interests, nonprofits can build ties among neighbors and a commitment to or investment in the neighborhood (Furstenberg et al. 1999; Putnam 2000; Silverman 2001a; Small 2004; Smith 1997). Stern (1997) found that residents with more social and cultural organizations in their neighborhoods were more likely to participate in their communities than residents with fewer neighborhood organizations.

Similarly, nonprofits can increase residents' stake or interest in their neighborhoods by allowing them to mobilize politically and fight for the neighborhood's interests (Clavel, Pitt and Yin 1997; Smith 1997; Small 2004). Small (2004) notes, for example, that simply providing a venue or reason for even a minority of community residents to mobilize politically can improve the overall political power and social

organization of the entire community. Furthermore, Clavel, Pitt and Yin (1997) and Smith (1997) emphasize that nonprofits can provide local residents with a means to advocate for their interests, such as lobbying for affordable housing, and link them with larger social movements (Smith 1997).

Clearly, nonprofits can improve the quality of life for neighborhood residents in multiple ways. Importantly, empirical evidence demonstrates that residents see these organizations as important to their neighborhoods and their lives (Smith 1997; Small 2004). DeVita, Manjarrez and Twombly (1999) found that more than 80 percent of their respondents in poor Washington, DC, neighborhoods reported that the work of nonprofit organizations improved their living conditions, this was especially true for children and families. In light of the benefits outlined here, Wilson's (1987) taken-for-granted claim that inner-city poor neighborhoods lack these institutions takes on heightened importance.

Wilson's Continuing Influence

In *The Truly Disadvantaged*, Wilson (1987) argued that deindustrialization and middle-class flight had concentrated disadvantage in inner-city "underclass" neighborhoods, leaving very poor residents with little to no contact with members of the middle and working classes, few viable employment options, a dearth of marriageable men, and an absence of social institutions such as voluntary associations and churches. This argument influenced and continues to influence social scientists and policy-makers tremendously (Goering and Feins 2003; O'Connor 2001; Small and Newman 2001).

While most facets of Wilson's (1987) theory of concentration effects and social isolation sparked considerable controversy and empirical testing (O'Connor 2001; Small and Newman 2001), the absence of social institutions in poor neighborhoods was taken as a given. Instead of empirically testing this claim, scholars started at the next step: How has this lack of institutions affected individuals and neighborhoods (Sampson et al. 2002)? Proposed answers to this question include the disintegration of neighborhoods' basic social organization, parenting resources and moral leadership (Anderson 1990, 1999; Connell and Halpern-Felsher 1997; Furstenberg et al. 1999; Putnam 2000), the socioeconomic gap in summer learning among urban elementary students (Entwisle, Alexander and Olson 1997), violent and juvenile crime rates (Connell, Aber and Walker 1995; Peterson, Krivo, and Harris 2000), child maltreatment (Coulton, Korbin and Su 1999), and a lack of community cohesion and participation (Furstenberg et al. 1999; Katz 1993). Indeed, Katz (1993:477) argued that "Institutional withdrawal and collapse not only rob inner cities of the services they need, they knock out the props that sustain a viable public life and the possibility of community."

The continuing influence of Wilson's (1987) hypothesis is also evident in many researchers' policy recommendations. Specifically, several have argued that institution-building will be essential in bettering the lives of inner-city residents and rebuilding distressed neighborhoods (e.g., Furstenberg et al. 1999; Katz 1993). Similarly, Ellen and Turner (2003) cite proximity to more and higher quality community organizations as a benefit of moving from a poor to a more affluent neighborhood. While these recommendations seem plausible, they lack robust empirical support. In order for

institution-building to be an effective or meaningful development strategy, it is necessary to understand what currently exists in neighborhoods, which is the primary goal of this endeavor.

Thus, although Wilson (1987) put forth his theory of social isolation nearly 20 years ago, he remains one of the most influential theorists in urban neighborhood research. Unfortunately, urban researchers have taken for granted Wilson's (1987) assertion that social institutions have abandoned urban neighborhoods and have instead invoked this to explain various negative outcomes. Although urban researchers have yet to interrogate this claim effectively, some empirical work by nonprofit researchers sheds light on Wilson's (1987) picture of poor urban neighborhoods. I discuss this work in the next section.

Insights from Nonprofit Research

With Wilson's (1987) hypothesis in mind, nonprofit research on which types of neighborhoods are home to larger nonprofit sectors is central to this investigation. Although most nonprofit studies in this area are set in different locations [Philadelphia (Stern 2003; Twombly et al. 2000; Yancey and Ericksen 1979); Washington, DC, (DeVita et al. 1999); Indiana (Gronbjerg and Paarlberg 2001); Dallas County, Texas, (Bielefeld et al. 1997); and multiple metropolitan areas (Bielefeld 2000; Lincoln 1977; Stern 1999)], some important similarities emerge, specifically regarding income and racial composition, the two most important demographic characteristics for Wilson (1987) and other urban researchers.

Providing some support for Wilson (1987), nonprofit researchers found that higher income or wealth was associated with higher nonprofit density, while poverty was associated with fewer nonprofits (Bielefeld 2000; Gronbjerg and Paarlberg 2001; Twombly et al. 2000) or more social and health services (Bielefeld et al. 1997). Furthermore, Washington, DC, neighborhoods with high poverty rates were home to unstable nonprofit sectors with high turnover rates (DeVita et al. 1999). Some studies in this area explore these issues in more depth by considering the relationship between the economic and racial diversity of neighborhoods and the size of their nonprofit sectors. Only a handful of studies have considered economic diversity, and findings have been mixed. Stern (1999), for example, found that Philadelphia's economically diverse neighborhoods had more arts and cultural organizations than economically homogeneous areas, while Bielefeld et al. (1997) found just the opposite in Dallas County, Texas. Unlike economic diversity, racial diversity has clearly emerged as a significant predictor of nonprofit density in several studies (Bielefeld 2000; Bielefeld et al. 1997; Stern 1999).

Although available nonprofit research provides some support for Wilson's (1987) hypothesis, the techniques used to estimate the size and scope of nonprofit sectors are still in their early years, and much of nonprofit research has been plagued by methodological difficulties. Perhaps the most problematic aspect of the majority of research on American nonprofits is the almost exclusive reliance on IRS-generated data to count and describe the nonprofit sector. Studies relying on such data show an incomplete and biased picture of nonprofits by omitting organizations not registered by the IRS (Salamon 2001; Smith 1997b, 2000). In recent years, several researchers have

questioned the practice of using IRS master lists of tax-exempt organizations to study the nonprofit sector (Gronbjerg 1994; Gronbjerg and Nelson 1998; Gronbjerg and Paarlberg 2001; Smith 1997a, 1997b; Stern 1999). They have argued that these lists leave out as much as 50% of paid-staff nonprofits (Gronbjerg 1994; Smith 1997b) and as much as 90% of voluntary grassroots associations (Smith 1997a, 1997b; 2000) due to requirements for filing with the IRS, such as having at least one paid staff member (Smith 1997b). Furthermore, because houses of worship and some faith-based organizations are not required to file with the IRS, using IRS master lists as the only data source excludes almost the entire population of faith-based organizations (Cnaan and Boddie 2001; Gronbjerg and Nelson 1998; Hodgkinson and Wietzman 2001; Stern 1999; Wolpert 1997). To remedy this problem, several of these scholars have suggested supplementing IRS data with information from local telephone directories (Gronbjerg 2002; Stern 1999), local grant applications (Stern 1999), canvassing neighborhoods (Cnaan and Boddie 2001), qualitative interviews (Wolpert 1997), and from members of non-IRS nonprofits about other organizations with which they work (Smith 1997a, 1997b).

Summary

This section has reviewed research on city neighborhoods conducted by urban scholars and nonprofit researchers. While many urban scholars invoke Wilson's (1987) hypothesized lack of institutions as an explanation for a wide array of unfavorable outcomes at both the individual and community levels, they have thus far failed to provide convincing empirical support for these claims. On the other hand, nonprofit researchers have linked the frequency of organizations to certain neighborhood or city

demographic characteristics, including higher average income and racial diversity, but have neglected to connect their findings to larger questions of urban neighborhood revitalization and decline. Furthermore, the majority of studies on nonprofits have suffered from severe data limitations, which limit the utility of their findings. In the next section, I detail the steps taken to overcome such data shortcomings and explain the data and methods used in the present study.

DATA AND METHODS

Data

This project integrates the following data sets: 1) block group level demographic data from the 2000 census; 2) an inventory of Philadelphia's nonprofit organizations in 1997; 3) an inventory of Philadelphia's nonprofit organizations in 2003; and 4) Cnaan and Boddie's (2001) inventory of churches in Philadelphia. The data on nonprofit organizations were compiled as part of the Social Impact for the Arts Project (SIAP), an ongoing project examining arts and cultural organizations in Philadelphia (Stern 1999). These data sets include organizations registered with the IRS as 501(c)(3) organizations and organizations not listed with the IRS for which information was obtained from the city's cultural fund and activities fund grant applications, cultural listings in the city's major weekly newspapers, and electronic telephone directories.² The same data-gathering steps were followed for all types of organizations.

² Inventories include local sites of nonprofits headquartered elsewhere. Organizations found from IRS listings and city grant applications have confirmed nonprofit status. Organizations found in local newspaper listings or the electronic telephone directory tend to be much less formal and may not have *official* nonprofit status. However, the research team's best efforts were made to ensure that these organizations were not for-profit or government-run, and organizations from these sources make up less than 10% of the total organizations.

New organizations were identified by having a year of “birth” after 1997, indicated by filing year on IRS files, the year of listing in the phone directory, or the year founded from grant applications, *and* by being absent from the 1997 inventory.³ These inventories include all types and sizes of nonprofit organizations from tiny grassroots social clubs to community development corporations to nonprofit hospitals and private universities. Such an inclusive definition of nonprofit organizations is appropriate in exploratory research like this, particularly when previous research has consistently underestimated nonprofit sectors (Gronbjerg 1994; Smith 1997b).

The National Taxonomy of Exempt Entities (NTEE) was used to classify organizations into eight categories: arts and cultural organizations, churches, neighborhood improvement organizations, social services, social clubs, business and professional organizations, veterans’ organizations, and special interest groups. Those without NTEE classification were categorized using activity codes from IRS Form 990s, industry codes included in the phone directory, or, as a last resort, ‘face’ classification based on the organization’s name. Education-related, youth, and health organizations fall under social services. I supplemented these listings with Cnaan and Boddie’s (2001) inventory of churches in Philadelphia. Year of birth was used to determine “new” churches since 1997. To control for block group population, I computed organizational counts per 1000 people. Furthermore, to account for nonlinearity in the organizational

³ Although previous work has questioned the accuracy of using IRS files to determine year of “birth” (Gronbjerg and Paarlberg 2001), for this analysis the precise year is less important than gaining an estimate of how many new organizations arise over a six-year time period. Thus, although the precise years of birth may be slightly lagged, a reasonable estimate of nonprofit sector growth in these neighborhoods is obtained nonetheless.

variables, natural log transformations of counts per 1000 residents were used in lieu of the original counts.

Demographic variables come from the SF-3 files of the 2000 decennial census. I separate racial composition of block groups into seven categories: 1) white (80% or more white); 2) black (80% or more black); 3) Latino (80% or more Latino); 4) black/white (20% or more black and 20% or more white); 5) black/Latino (20% or more black and 20% or more Latino); 6) Asian/diverse (10% or more Asian, 20% or more one other racial group); 7) other diverse (anything that did not fit into the other six categories). A dummy variable was constructed for each category (e.g., white=1, all others=0, and so on). Similarly, economic variables are separated into four categories: 1) concentrated poverty (more than 40% of residents below the poverty line); 2) above-average poverty (proportion of residents living in poverty is above city's average and below 40%); 3) below-average poverty (proportion of residents living in poverty is below the city's average); and 4) economically diverse (a higher proportion of managers and professionals than city's average *and* a higher proportion of residents living in poverty).⁴ These categories were recoded into dummy variables, similar to racial composition variables. See Table 1 for descriptive statistics of variables used in the analysis.

[Table 1 about here]

Block groups are used as the primary spatial unit of analysis and measure of neighborhood. Block groups are made up of approximately six to eight city blocks, and

⁴ The mean poverty rate for Philadelphia block groups in 2000 was 24%, while the median was 21%. The mean is an appropriate measure in this case because poverty rates are bounded by 0 and 100 and thus not subject to bias from extreme outliers. Less than 5% of block groups change categories if the median is used instead, and all results presented are qualitatively identical using either measure.

there are 1,816 in Philadelphia. Because block groups are so small, many may be entirely residential and rely on nearby commercial districts outside of the block group to access nonprofit resources (Bielefeld et al. 1997; Stern 1999). Because we can reasonably assume that residents will have access to organizations within half of a mile, or about a 10 minute walk, from their own block group, I include organizations within a half-mile radius of the block group itself. As my analysis takes place only at the neighborhood level and does not estimate the size of Philadelphia's nonprofit sector as a whole, double-counting organizations is not a concern. Block groups with fewer than 50 residents were discarded from the analysis (N=46), as the number of organizations per capita in these neighborhoods was so high as to meaningfully bias results.

Methods

Twenty-four nonprofit variables (for different years, organizational types and total organization counts) become rather unwieldy for analysis. Thus, the first step in this research process was to explore relationships between organizational variables. To do this, I computed bivariate correlations between different types of organizations in 1997 and 2003, as well as new organizations. Next, I used factor analysis to see whether I could reasonably aggregate the various kinds of nonprofits, and if so, in what ways. After looking at relationships among organizational variables, I used bivariate correlations and means comparisons to examine relationships between demographic characteristics of block groups and nonprofit density. Finally, I used a Geographic Information System (GIS) to explore the spatial distribution of nonprofit organizations in Philadelphia.

RESULTS

Relationships among Organizations

Table 2 presents results of bivariate correlations between types of organizations in 1997, 2003, and new organizations. As you can see, with the exception of veterans' organizations and new churches, they are all highly intercorrelated. Although these simple correlations alone are not enough evidence to have confidence in using an aggregate measure, they do show that most organizational types have statistically significant amounts of covariation. These results allow for further investigation into the similarities of the organizations.

[Table 2 about here]

Results from factor analysis (Table 3) present evidence for aggregation of all 1997 organizations and all 2003 organizations, with the exception of veterans' organizations, of which there are few. Basically, these results indicate that neighborhoods with more institutions have more of all types, rather than high numbers of certain types of organizations.

New organizations are slightly more complicated, but even in that case, only two factors emerge to explain the variation among the organizational variables. Special interest groups, neighborhood improvement organizations, arts and cultural organizations, business and professional organizations, and social services all load on the first factor (rotated), while social clubs and veterans' organization load on the second factor (rotated). Notably absent from the factors are churches, which could be predicted from the bivariate correlations.

The factor on which nearly all 2003 organizations loaded explains the most variation among the types of organizations (~75%; eigen-value 7.46). These results provide strong support for aggregating organizational variables according to the factors presented here for use in future regression analysis or other more sophisticated statistical analyses. Based on the bivariate correlations and factor analysis, for the remainder of the paper I will use total counts of organizations per 1000 residents in 1997 and 2003 and new organizations, rather than examining each type of organization separately.

[Table 3 about here]

Neighborhood Nonprofit Sectors

I turn now to the question of whether Philadelphia neighborhoods lack nonprofit organizations, as Wilson (1987) and other urban scholars have speculated. These mean numbers of nonprofits per 1000 people in block groups in 1997 (224), 2003 (175) and new (43) organizations indicate that Philadelphia block groups have, on average, sizable nonprofit sectors. They do suggest, however, that neighborhood nonprofit sectors have diminished somewhat since 1997, although block groups have also gained an average of 43.16 new organizations per 1000 residents. In other words, although new nonprofits are cropping up in neighborhoods, they are not replacing the number of organizations that have left the area or closed permanently.

In order to discern what types of neighborhoods have the largest nonprofit sectors, I compared mean numbers of 1997, 2003, and new organizations per 1000 residents by racial and economic composition of block groups, shown in Table 4. Because social service organizations may be of particular interest to the very poor neighborhoods with

which Wilson (1987) and urban scholars are concerned, I have included their mean numbers in 1997 and 2003, as well as for new organizations, in Table 4. Note that there are no white block groups with concentrated poverty and no Latino block groups that have poverty levels below the city's average. Interestingly, and contrary to Wilson's (1987) hypothesis, white neighborhoods consistently were home to fewer total institutions, and social service organizations in particular, than black neighborhoods, and for the most part, neighborhoods with more than 40% of residents living in poverty showed the largest nonprofit sectors. Moreover, neighborhoods with below-average poverty rates possessed fairly limited nonprofit sectors. It appears that the most diverse neighborhoods are institutionally-rich, as neighborhoods with at least 10% Asian residents and at least 20% of another racial group report much higher means than racially and economically homogeneous block groups. These Asian/diverse block groups not only had the largest nonprofit sectors in both 1997 and 2003, but also saw the most growth, as evidenced by high mean numbers of new organizations.

[Table 4 about here]

For total organizational counts, in all types of block groups, 2003 means are lower than 1997 means, indicating a decline in the number of nonprofits. This finding provides limited support for urban researchers' claims that social institutions are diminishing. Hundreds of nonprofits per 1000 people remain in most block groups, which can hardly be characterized as a dearth of institutions. Furthermore, all neighborhoods experienced an increase in social service organizations from 1997 to 2003. As there are also fairly substantial numbers of new organizations, it is reasonable to conclude that Philadelphia's

neighborhoods are home to considerable nonprofit activity (i.e., both new organizations and organizations that closed or left the area). Interestingly, neighborhoods that experienced the most new organizations already had the most extensive nonprofit sectors, indicating that most institutional activity takes place in certain neighborhoods.

Bivariate correlations between racial and economic composition and organizational variables were computed to examine in more depth the extent to which certain types of neighborhoods are associated with larger nonprofit sectors and social service organizations in particular. Table 5 shows that primarily black neighborhoods and neighborhoods with concentrated poverty are more highly correlated with both the total number of organizations per 1000 people and the number of social service organizations per 1000 people than primarily white neighborhoods or neighborhoods with below-average poverty. In fact, the total numbers of all organizations and social services, in particular, are negatively correlated with whiteness and below-average poverty.

[Table 5 about here]

This analysis was first conducted with all separate types of nonprofits; however, the results were so similar among organizational types that only the total 1997, 2003, and new organizations and social services are presented in Table 5. The full correlation matrix can be found in Appendix 1. Interestingly, the similarities among organizational types further affirm results from factor analysis and correlations between organizational types.

Spatial Analysis

Turning now to the spatial aspects of Philadelphia's neighborhood social institutions, Figure 1 shows that in 1997, block groups in the central city had the highest concentration of nonprofits, while block groups on the periphery of the city had the fewest organizations. A middle band between the central city and the outer edges of Philadelphia extending into West and Northwest Philadelphia reflects block groups with mid-sized nonprofit sectors. As most of Philadelphia's biggest businesses and commerce are located in the central city, the existing infrastructure and professional networks may encourage nonprofit organizations to locate in that area. The distribution of organizations in 2003 and new organizations are similar to the 1997 distribution and can be seen in Appendixes 2 and 3.⁵

[Figure 1 about here]

Interestingly, most of Philadelphia's Asian/diverse block groups are also located in or very near to the central city (See Figure 2), which may explain the extremely high density of organizations in these block groups.

DISCUSSION

The purpose of this research was to examine Wilson's (1987) taken for granted claim that social institutions had abandoned poor urban neighborhoods and to generate hypotheses that could serve as starting points for future research in this area. In this section, I will briefly review my key findings and discuss three hypotheses that emerged from this research.

⁵ Social service organizations, which may be of particular interest to disadvantaged neighborhoods, reflect the same spatial distribution as the total number of organizations shown in Figure 1 and Appendixes 2 and 3. Additional maps available upon request.

Through descriptive statistics and mapping, several important findings came to light. First, Philadelphia neighborhoods appear to have extensive nonprofit sectors, but have suffered a net loss of organizations over the past six years. This lends some support to urban researchers' hypothesis that urban neighborhoods are lacking institutions, but does not fully confirm their claim, as most neighborhoods still had more than 100 institutions per 1000 residents in 2003, or one for every ten people. Of course, that does not mean that everyone in a neighborhood uses the organizations available to them or that the organizations are truly available or open to all residents in a particular block group.

Second, ethnically diverse neighborhoods and neighborhoods with more than 40% of residents living in poverty have the most extensive nonprofit sectors. This finding directly contradicts urban scholars who speculated that social institutions had abandoned cities' most depressed and racially segregated neighborhoods (Wilson 1987, 1996). Rather, I found more support for the government failure theory put forth by nonprofit theorists (Hannan 1987; Weisbrod 2001), which suggests that nonprofit organizations emerge to fulfill needs that the public and private sectors cannot or will not satisfy. This important finding speaks directly to scholars and policy-makers who prescribe institution-building as a key component of urban revitalization policies. I have found that Philadelphia's most economically depressed neighborhoods already have a substantial institutional base. Thus, an important policy focus needs to be making these existing institutions real *assets* to their communities. Obviously, the mere presence of organizations has not been sufficient to alleviate the disadvantage in these

neighborhoods. The implications of this finding for urban development policies should be explored in future research.

Third, the results of the factor analysis and means comparisons show that neighborhoods that had the most institutions in 1997 and 2003 also gained the most new organizations, which suggests that certain neighborhoods are home to extensive activity in their nonprofit sectors, including both turnover and growth. An important extension of this work will be to determine why these neighborhoods promote such a high level of organizational activity. Do they offer unique social climates, such as high levels of trust or involvement among residents, that promote the formation and dissolution of nonprofit organizations? Conversely, do they lack unity or cohesion, which may lead to higher turnover rates? Do closing or departing organizations leave vacant office space needed by new organizations?

Finally, an analysis of the spatial distribution of nonprofits revealed that block groups with the most institutions are concentrated in the central city area of Philadelphia. Furthermore, neighborhoods with similarly-sized nonprofit sectors tend to be located in close proximity to each other. While this may be a result of the half-mile buffer used when counting total numbers of organizations, it may also be evidence of a larger spatial trend of nonprofit location. Because block groups tend to be geographically small, clusters of block groups may share a common social climate, need for certain services, or amount of financial and in-kind resources available for nonprofits. In other words, neighborhoods in close proximity to each other tend to be similar on many levels, which may explain why they have similarly-sized nonprofit sectors.

Based on these findings, I have formulated three hypotheses on which to build future research in this area: (1) the number of social institutions in a neighborhood will vary with the availability of infrastructure for nonprofit use; (2) the number of social institutions in a neighborhood will vary according to the neighborhood's social climate, which includes residents' willingness to participate in the organization (as clients, volunteers, benefactors, etc.) and appreciation or tolerance for a diversity of interests; and (3) neighborhoods with more extensive nonprofit sectors may be spatially organized differently than neighborhoods with fewer organizations.

First, I predict that the number of social institutions in a neighborhood will vary with the infrastructure available for institutional use. This hypothesis stems from two of my findings: (1) certain neighborhoods see the most institutional activity, and one reason for this may be the availability of infrastructure to new and incoming organizations created by the departure of other organizations; and (2) block groups with the largest nonprofit sectors were concentrated in the central city, where infrastructure and institutional resources are most plentiful. In order to test this hypothesis empirically, one would need to create an inventory of infrastructure and other institutional resources available to nonprofits in different neighborhoods, and then chart the use of these resources as new organizations emerge and existing organizations disappear. The availability of infrastructure may vary according to the racial and economic composition of neighborhoods. Furthermore, a survey of heads of organizations may provide insight into the reasons behind a decision to locate in a particular neighborhood and/or to move or close permanently.

Second, I predict that the number of social institutions in a neighborhood will vary with the social climate of a neighborhood, such that neighborhoods with more welcoming social climates would have larger nonprofit sectors. In order to study this, it would be necessary to operationalize social climate, which entails the willingness of residents to participate in an organization, whether as recipients of services, volunteers, benefactors, or in another capacity. Social climate also encompasses the general levels of trust and camaraderie in neighborhoods and the level of tolerance for diverse groups and interests. This is in some ways similar to Putnam's (2000) and Coleman's (1988) conceptions of social capital and Coleman's (1987) idea of a functional community.

Finally, I hypothesize that the spatial organization of neighborhoods with large nonprofit sectors will differ from the way neighborhoods with few institutions are organized spatially. The spatial organization of a neighborhood may facilitate growth and turnover in a nonprofit sector or impede the development of a substantial nonprofit sector. This hypothesis is inspired by Jane Jacobs' (1961) discussion of the use of urban space in *The Death and Life of Great American Cities*. Jacobs (1961) stresses the importance of a diversity of commercial and residential uses in neighborhoods and asserts that neighborhoods that do not find an adequate balance of the two will suffer from a lack of interest and involvement from residents and people in other parts of the city. Furthermore, Jacobs (1961) details the ways neighborhoods can be organized spatially in order to maximize participation and interest from both neighborhood residents and residents of the rest of the city. For example, institutions may not thrive if they are isolated from the residential parts of a neighborhood. Further exploration of this

hypothesis will involve extensive fieldwork in Philadelphia neighborhoods, including the use of a global positioning system (GPS) unit to map the precise locations of residences, social institutions, businesses and government properties in neighborhoods. The maps generated must then be examined for spatial patterns associated with large and small nonprofit sectors, as well as sectors with high and low amounts of nonprofit turnover. Such a study could yield important recommendations for neighborhoods interested in increasing or stabilizing their nonprofits sectors.

CONCLUSION

The findings presented here are intended to be exploratory and descriptive, and while I have provided the groundwork necessary for future research in this area, many larger questions about the relationship between nonprofit organizations and neighborhoods remain unresolved. These questions hit on issues of *quality* that were beyond the scope of the present study, but will be crucial in future research. Three issues, I believe, will be particularly important: 1) the overall state of the organizations (physical, financial, quality of services, etc.); 2) the function of organizations in their neighborhoods; and 3) relationships forged with other types of institutions (commercial and government-run).

Details about the condition of organizations will be needed to discern their role in neighborhoods. For example, if an organization is outwardly deteriorating, its contribution to physical blight in the neighborhood may counteract its more positive roles. Or, if an organization is financially unstable, it may not be able to provide dependable service or continuity to its neighborhood. In other words, there may be

substantial differences in organizational quality that may outweigh differences in size of neighborhood nonprofit sectors. Whether quality of organizations varies by the economic and racial composition of neighborhoods remains to be tested, but urban scholars such as Furstenberg et al. (1999) and Wilson (1987) would predict that poorer, more racially segregated neighborhoods would be home to organizations of the poorest quality.

In addition to organizations' condition, it is important to explore the functions they actually serve in neighborhoods. Could they, for example, serve to integrate marginalized neighborhoods with the rest of the city, perhaps by bringing people from other parts of the city to participate in the organization? This question calls for a spatial analysis of participation trends and hits on questions of organization *use*. Key questions include who is using these organizations and from which neighborhoods are they coming. Stern and Seifert (1998) demonstrated that arts and cultural organizations in some of Philadelphia's more depressed neighborhoods draw residents from more affluent areas, and in this way, these organizations help integrate more marginalized neighborhoods with other parts of the city. Another way organizations can integrate neighborhoods is by forming networks with organizations in other parts of the city (Chaskin et al. 2001).

Also of interest is whether these networks include commercial and government institutions as well as other nonprofits. Wilson (1987) argued that, in addition to nonprofit organizations, important commercial institutions, such as banks and grocery stores, had also abandoning inner-city neighborhoods (See Small and McDermott 2004 on this topic). Furthermore, some have argued that inner-city neighborhoods have become "institutional ghettos"—home to welfare offices, correctional institutions, and

other such institutions whose primary purposes are control, custody and welfare rather than community revitalization or integration (Vergara 1995). Thus, an examination of the relationship between nonprofit, commercial and government institutions will be necessary in order to craft meaningful and empirically-based urban development policies and academic research agendas.

This study has shown that Philadelphia neighborhoods, particularly ethnically diverse and economically poor neighborhoods, have extensive nonprofit sectors, contrary to the claims of many urban scholars. More importantly, this study has generated three hypotheses and several broader questions intended to move forward both the theory and methodology associated with the sociological study of nonprofit organizations and urban neighborhoods. The size, scope and dynamics of neighborhood nonprofit sectors remain central to the state of urban neighborhoods and warrant increased empirical attention from both nonprofit and urban scholars. This paper has laid the groundwork necessary for future research. Urban and nonprofit researchers must continue to build on this work and expand our knowledge of nonprofits in urban neighborhoods.

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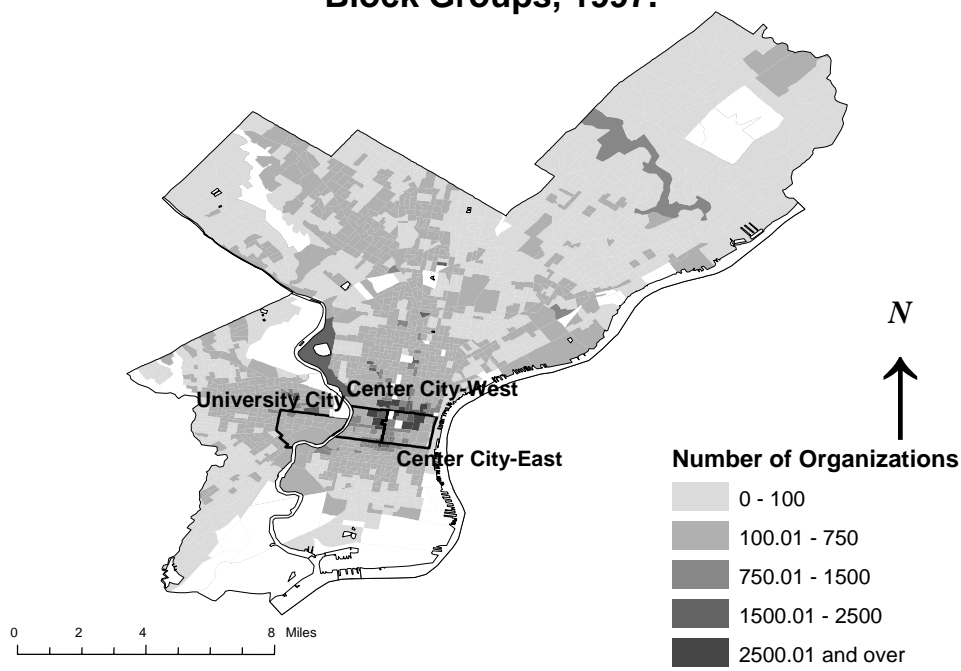
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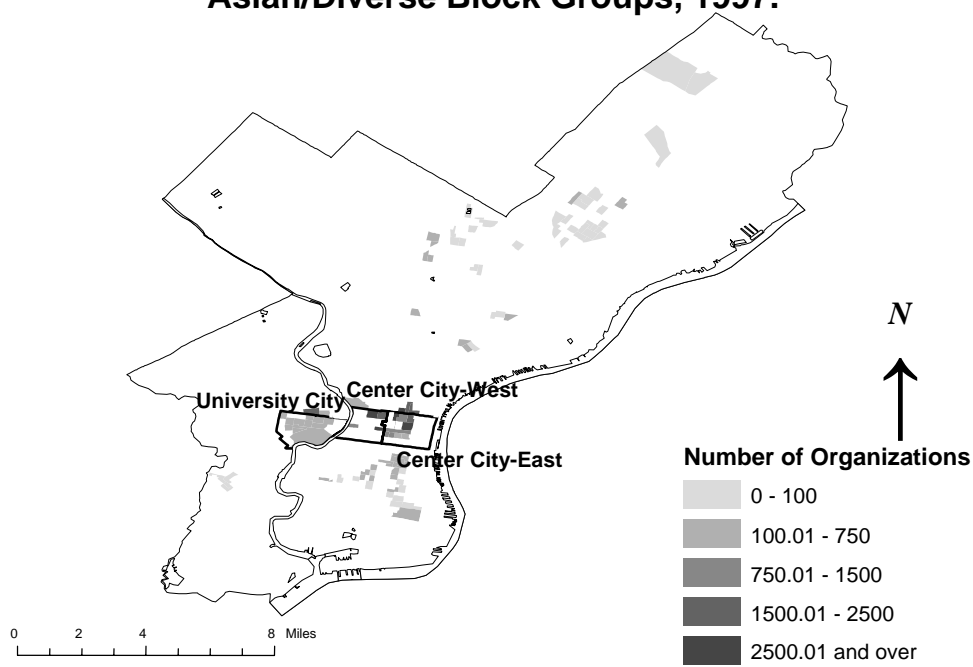
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Figure 1. Organizations per 1000 People in Philadelphia's Block Groups, 1997.



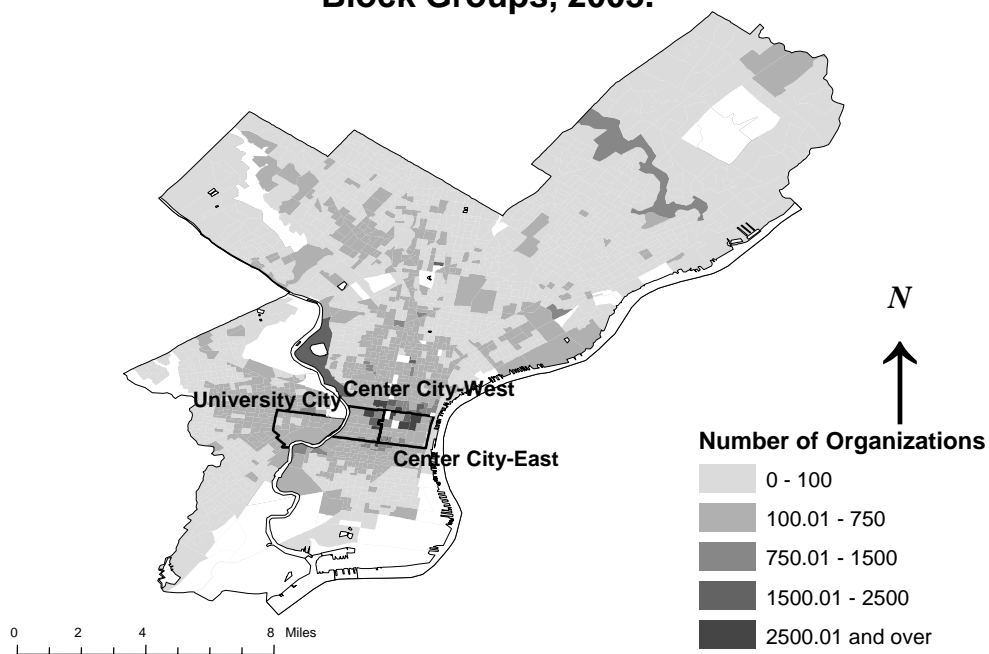
Data Source: Social Impact of the Arts Project, 1997, and U.S. Census, 2000.

Figure 2. Organizations per 1000 People in Philadelphia's Asian/Diverse Block Groups, 1997.



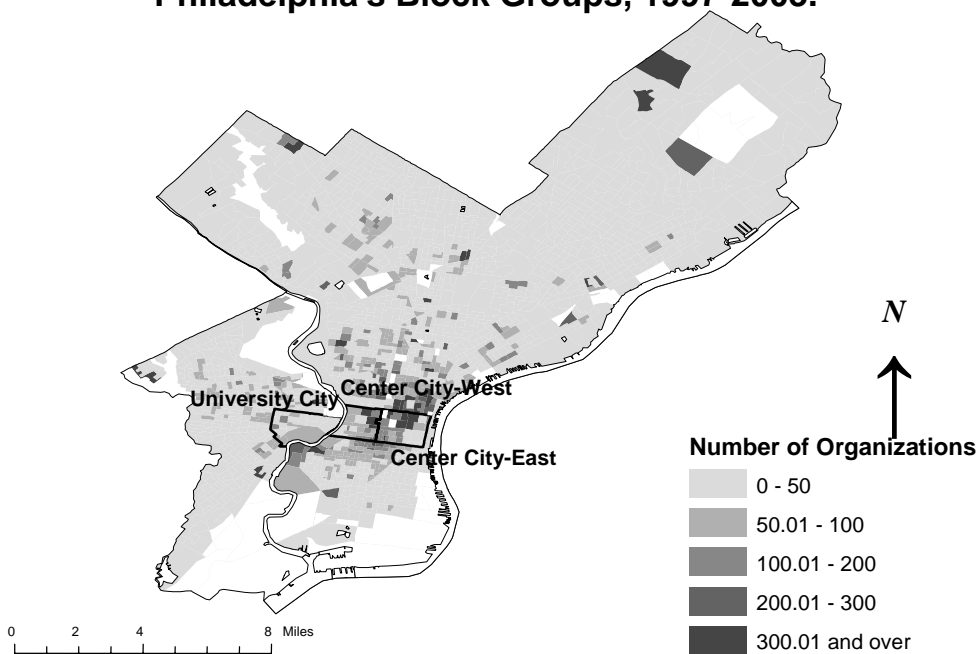
Data Source: Social Impact of the Arts Project, 1997, and U.S. Census, 2000.

Appendix 2. Organizations per 1000 People in Philadelphia's Block Groups, 2003.



Data Source: Social Impact of the Arts Project, 2003, and U.S. Census, 2000.

Appendix 3. New Organizations per 1000 People in Philadelphia's Block Groups, 1997-2003.



Data Source: Social Impact of the Arts Project, 1997 and 2003, and U.S. Census, 2000.