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Research in the Nonprofit Sector

Walter W. Powell (Ed.)
The Nonprofit Sector: A Research Handbook
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Review by
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Industrial/organizational (I/O) psychology has been enriched by the recent infusion of ideas from the cognate social science disciplines of sociology, economics, and political science. This volume, although it contains no chapter focusing directly on organizational psychology in nonprofit organizations, nevertheless is a rich source of insights for those conducting research or practicing in nonprofit settings.

It is a collection of papers from scholars at Yale University's Program on Nonprofit Organizations and reflects their interest in the historical, legal, political, and economic functions of nonprofit organizations and philanthropic activity in Western societies. Part 3, on the organization and management of nonprofit organizations, has the greatest relevance, although the I/O reader is cautioned not to be misled by chapter titles. For example, the chapter titled "Leadership" draws its definition of leadership from the economist

Schumpeter and focuses on "governance," while "Organizational Change" centers on the sociological study of organizational goal succession in various kinds of nonprofit organizations. Nevertheless, these chapters, because they do focus on social and economic structures rather than on individuals, suggest several interesting insights about one context of I/O work. The three areas of performance measurement, compensation, and motivation deserve mention.

Kanter and Summers's chapter analyzes the dilemmas of finding measures of organizational performance for nonprofit organizations since they do not rely either on the profit of businesses or the electoral victories of governments. Their delightful discussion provides a counterexample for each of the traditional criteria offered for nonprofit organizations: "Survival" ignores the possibility of a successful nonprofit organization solving the problem it addresses (e.g., the National Association for Infantile Paralysis found a cure for polio); similarly, financial distress may provide an opportunity for a nonprofit organization to rally its supporters, helping the organization to rearticulate the importance of its work. These ideas have important implications for individual performance measurement in the nonprofit organization, suggesting that these measures ultimately represent only one perspective—and a potentially unstable one—on what the nonprofit organization should be doing.

Young's chapter contains a section on what he calls "personnel management," which provides several insights regarding the management of organizational behavior in nonprofit organizations. His discussion of compensation for nonprofit employees lists several constraints for these organizations: They frequently provide a "quality service" in comparison to governmental providers and so must be careful to recruit and maintain the most competent employees; however, they must also be sensitive to their image as charitable institutions, which results in limitations on both the size of salaries (no "profiteering at the expense of the needy") and limitations on the use of performance contingent bonuses and merit awards. Most provocative is Young's suggestion that nonprofit organizations provide "compensating nonpecuniary benefits," hinting that the "workplace atmosphere" is somehow more attractive in nonprofit organizations, but with frustratingly little detail about what this is and how, exactly, it operates.

Similarly, his discussion of the con-

straints on controls in nonprofit organizations, focusing on the disruptive effects of volunteers, was thought provoking. He suggested that volunteers can command more discretion in their work because they receive no pay and that they can often work around their nominal supervisors, since they may have direct contacts with board members. Volunteers are disruptive because they promote a "clubbiness" that distracts from the services, and they foster nonmerit-based arrangements for the distribution of paid positions. It certainly is refreshing to see volunteers—those invisible "ant-like burrowers in our social welfare system" (Gold, 1971)—invested with such power over the organizational behavior of their colleagues.

These kinds of counterintuitive insights are the strength of these chapters. Yet, for someone trained in psychology, these chapters are also frustrating. The writing style is abstract and summative, without even a good concrete anecdote to provide grounding. These ideas are often interesting and provocative, but they lose power without the discipline of a grounding in systematic data collection. However, Powell and his colleagues have provided a broad review of the economic and legal context of nonprofit organizations and philanthropy that offers a stimulating perspective on the nonprofit context for organizational behavior.

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