Stanford SOCIAL INNOVATION REVIEW

Research

Cadaver Commerce

By Jessica Ruvinsky

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PHOTOGRAPH COURTESY OF KISII DISTRICT PUBLIC HEALTH OFFICE

A girl in Kenya's Kisii District draws water from a local spring that has been protected through concrete sealing.

ECONOMIC DEVELOPMENT

Spring Water Protection Improves Health

▶ Living near safe drinking water is not the same as drinking safe water. Some have argued that anything short of pumping it directly to the kitchen won't have any health benefits. "Even if the water is clean when you get it from the spring, it can become contaminated in storage at home," says Michael Kremer, Gates Professor of Developing Societies in the economics department at Harvard University. In the first randomized evaluation of the health effects of improving water sources alone, without any simultaneous sanitation changes, Kremer and colleagues found that "clean water does make a difference in terms of reducing diarrhea" despite recontamination on the way to the drinking glass.

Kremer followed a spring protection project in rural western Kenya in 2005. "A typical unprotected spring may be like a mud pit in the dry season and in the wet season, a small pond," says Karen Levy of Innovations for Poverty Action, the nonprofit that evaluated the project. "Because there's no clean edge, it's very easy for it to get contaminated when people and livestock come and wade in the water." Spring protection seals off the source and encases it in concrete, so that the water flows out through a pipe above ground, where people collect it in jerry cans.

Household surveys showed that this does have a health benefit: Spring protection reduces child diarrhea by a quarter. But it could do better. Although the new infrastructure improved water quality at the source by 66 percent on average, it improved water quality at home by only 24 percent. Levels of education and sanitation in the household seemed to make no difference to recontamination, but ongoing research into dispensing chlorine at the springs looks promising.

Protecting a spring costs about $1,000. Although most of the springs in this study were on private land, almost none of the landowners had invested in protection—in part because local custom (and sometimes law) does not permit charging for water. Would allowing landowners to profit from their springs get clean drinking water to more people? Or would neighbors just walk farther to get free dirty water? The researchers created a mathematical model of the trade-offs and found that at current income levels rural western Kenyans are better off with the existing social norm.

"We've collectively spent billions of dollars on development aid over many decades, and there's strikingly little evidence about what works and what doesn't," says Levy. This rigorous analysis of the benefits of spring protection show that "it's good, it gets people cleaner water, and it reduces diarrhea," says Kremer. "As long as enough people are using the water source, it's quite cost-effective. I think it's a good buy and I encourage NGOs to do it." ■

Michael Kremer, Jessica Leino, Edward Miguel, and Alix Peterson Zwane, "Spring Cleaning: Rural Water Impacts, Valuation, and Property Rights Institutions," *The Quarterly Journal of Economics* 126, 2011.

SOCIAL ENTERPRISES

Nonprofits Aren't More Commercial

▶ You may welcome the efficiency that market forces increasingly bring to the nonprofit sector. Or you may fear that growing commercialization threatens the sector's integrity. Either way, you're probably wrong. Amid impassioned debate over the implications of nonprofits' commercial turn, a fresh look at the data shows that perhaps there actually isn't one. The evidence "is kind of like a Rorschach blot—you can see in it what you want, but there's no clear trend," says Curtis Child, a doctoral candidate in sociology at Indiana University. "Nonprofits just aren't, as a whole, becoming more commercialized."

Child returned to the same data others cite when they make the case that nonprofits are relying more and more heavily on earned income over donations or grants. One incriminating indicator, "unrelated business income," is the money a museum makes from selling Empire State Building snow globes (which presumably don't bring fine art to the people) but not from reprints of Vincent van Gogh paintings (which do). Although unrelated business income did increase by more than 250 percent in the nonprofit sector between 1991 and 1997, so did total revenue; snow globe peddling as a proportion of aggregate total revenue has remained steady since the early 1990s at about one half of 1 percent.

The *Nonprofit Almanac*'s data go back farther, to the 1970s. It's true that nearly half the growth in total revenue from 1977 to 1997 came from fees and charges. But it's also exactly what we should expect, says Child: In 1977, fees and charges already accounted for nearly half the revenue in the sector. Looking at program service revenue or commercial revenue data from the Urban Institute's National Center for Charitable Statistics doesn't change this picture; the proportion remained constant from 1986 to 2004. If growing commercialization means increased reliance on earned income, it looks very much like commercialization is not growing.

Burton Weisbrod, professor of economics at Northwestern University and editor of *To Profit or Not to Profit: The Commercial Transformation of the Nonprofit Sector,* objects to defining it so narrowly. "To talk about the effect of commercial forces is not the same thing as to say what fraction of revenue is coming from user fees," he says. "Those are rather different questions." Commercial interests especially permeate higher education and hospitals in ways that don't show up in Child's statistics. When the pharmaceutical company Novartis gave the University of California, Berkeley, $25 million—and got two seats on the five-person committee that decided which research projects the money would support—that counted as a "donation." There is also a time horizon problem, Weisbrod says. The extremely high percentage of commercial revenue in hospitals began with the creation of Medicare, which predates the available data by a dozen years.

So to what extent do market forces enhance or corrupt nonprofits? Child, for his part, isn't taking sides yet. He recommends simply "tempering the debate about whether commercialization is good or bad for the sector, and just answering the empirical question first." ■

Curtis Child, "Whither the Turn? The Ambiguous Nature of Nonprofits' Commercial Revenue," *Social Forces* 89, 2010.

NONPROFIT MANAGEMENT

Improving Teamwork

▶ To develop proposals for effective environmental policy, the Environmental Defense Fund (EDF) runs scenarios past lawyers, economists, scientists, and policy wonks, often multiple times. Each specialist's input informs the next, until the team comes up with an idea that seems both economically feasible and environmentally acceptable. "No one person could do that," says Lisa Moore, scientist at EDF, and that's why she likes her job: "I just want to be part of a good team." But Moore can be reluctant to rely on people, a mistrust she says is "kind of a strange characteristic to have as a through-and-through team player."

New research suggests that this mistrust is not strange at all. In fact, it can boost team performance, says Erich Dierdorff, an assistant professor in the department of management at DePaul University. Dierdorff wanted to see whether more collectivist, group-oriented teams in fact do better work. His answer is a resounding yes.

Psychological collectivism has many facets, from how much people like or prioritize teamwork to how comfortable they are with relinquishing control. Dierdorff and colleagues showed that these facets have different effects on team performance at different times. As groups of three to six students in a capstone business course competed at running simulated companies, Dierdorff assessed each member's collectivist tendencies and compared them to the team's performance at the beginning and end of a several-week stint in the widget business.

"Teams that had more members who were higher in preference for group work and higher in concern for other people had better early performance," says Dierdorff. When those teams cooperated well, high preference also increased final performance. Teams whose members tended to put group goals before their own performed better at the end, but no differently at the beginning. Whether people embraced group norms made little difference.

And reliance—the characteristic that Moore lacks—turned out to be bad for early performance. Whereas high-reliance people just figure the team will get it done, low-reliance people take more responsibility on themselves. As long as the members are cooperating well, low-reliance groups continue to succeed.

To the extent that the student simulation reflects real-world workplaces, practical lessons can be gleaned. Putting group objectives ahead of one's own makes a big difference to the team's success. And the quality of cooperation can make or break the performance boost that collectivism offers. Training in cooperative exchange could turn groups that enjoy each other into groups that succeed together, and would especially benefit those who are least comfortable relying on others—because "at some point, with a good team, you let go of that distrust," says Moore. ■

Erich C. Dierdorff, Suzanne T. Bell, and James A. Belohlav, "The Power of 'We': Effects of Psychological Collectivism on Team Performance Over Time," *Journal of Applied Psychology* 96, 2011.

HEALTH

Undisclosed Pharma Contributions

▶ In 2007, Eli Lilly and Company gave the National Alliance on Mental Illness (NAMI) $450,000 toward its Campaign for the Mind of America, which, if successful, could greatly expand the market for Lilly's newest and most expensive psychiatric drugs.

Potential conflict of interest in the funding of health advocacy organizations (HAOs) by pharmaceutical companies is hard to suss out, because those relationships are mostly not made public. After doing a systematic analysis of the disclosure practices of HAOs, "I was very surprised at

PHOTOGRAPH BY YURI ARCURS/ISTOCKPHOTO

the large number of organizations that did not disclose" industry contributions, says Sheila Rothman, a professor at Columbia University's Mailman School of Public Health.

Although there is no general legal requirement for companies to do so, as part of settlement agreements with the US Department of Justice, several drug and device companies now publish the exact amounts of gifts and grants they make to HAOs. Rothman used data from Lilly, the first to make its grant registry public, to evaluate grant transparency.

Only 25 percent of HAOs that received Lilly funding acknowledged it on their website. Eighteen percent did so in their 2007 annual report, and 10 percent listed Lilly as an event sponsor. None revealed the amount of the grant.

HAOs working in areas related to Lilly's highest sales—neuroscience, oncology, and endocrinology—got most of the grants. Sixty-six percent of the money went to organizations with an interest in Lilly's two best sellers, the psychiatric drugs Zyprexa and Cymbalta. The National Breast Cancer Coalition got $50,000, and lobbied for (among other things) expanded Medicare coverage for all oral cancer drugs. The American Diabetes Association received $250,000 with which to teach weight management and better drug use.

NAMI, for its part, did start publishing the amounts of all donations more than $5,000 in 2009, shortly after it came under scrutiny in congressional investigations. "The reason we didn't do it before is competitive self-interest," says Michael Fitzpatrick, NAMI's executive director. "We all fight to find funding year in and year out, so you're very protective of the people who write checks. It's not a matter of trying to hide anything; it's more trying to protect your donors."

When the Physician Payment Sunshine Provisions of the new Patient Protection and Affordable Care Act go into effect in 2013, they will require companies to publicly report their gifts to doctors, but not to HAOs. It will still be up to the health advocacy organizations themselves to embrace transparency so that regulators, legislators, and the patients whose interests HAOs represent can more easily follow the money. ■

Sheila M. Rothman, Victoria H. Raveis, Anne Friedman, and David J. Rothman, "Health Advocacy Organizations and the Pharmaceutical Industry: An Analysis of Disclosure Practices," *American Journal of Public Health* 101, 2011.

NONPROFIT MANAGEMENT

How Leaders Encourage Innovation

▶ What drives innovation at nonprofits? Is it the power structure, the rules and regulations, the size? How much money you can throw at a problem? Most past research has asked how these variables affect innovation within the business sector. "What I'm starting to see is that it's more about who works for the organization," says Kristina Jaskyte, who studies nonprofits from the School of Social Work at the University of Georgia. "That human factor is almost more important than the resources an organization has."

Her guinea pigs were affiliates of Communities in Schools, a nationwide network of nonprofit organizations that bring

community support to public school students. For two years, she visited locally controlled, independently programmed organizations in Florida, Georgia, North Carolina, and South Carolina. She left questionnaires with every employee and board member and interviewed 79 executive directors, many of whom couldn't wait to tell her what was new. She gathered enough data to distinguish different types of innovation: the administrative (a new organizational structure or administrative system) and the technological (a new program or service). Administrative innovation was associated with centralization and a new executive director. Transformational leadership was defined by both administrative and technological innovation.

Across widely different affiliates and programs—from turning a donated bus into a brightly colored mobile library in rural Georgia to providing mentoring and college scholarships to the children of fallen soldiers in metropolitan Florida—Jaskyte found similar leadership styles. Transformational leaders find ways to "capitalize on that creativity that employees have," says Jaskyte. They create trusting relationships by "challenging the process, inspiring a shared vision, enabling others to act, modeling the way, and encouraging the heart."

One such leader is Jon Heymann, CEO of Communities in Schools of Jacksonville, which runs the after-school programs that have become the standard in the city. "We have no canned programs," Heymann says. "Anything we have done we've invented and designed ourselves." He calls his direct reports "renegades" because "each one of them could run their own nonprofit. They are at times very hard to manage," he says, "but I would rather have that than rubber stamps, where all of the ideas have to come from me."

Jaskyte hesitates to offer practical advice based on her findings. But to those executive directors who tell her they just don't have time to pioneer new programs and processes while they're busy trying to stay afloat, she counters that innovation would make everything else easier. Michael Austin, professor of nonprofit management in the School of Social Welfare at the University of California, Berkeley, agrees. "The most successful organizations, in terms of sustaining themselves, are the ones that are continuously innovating," Austin says. ■

Kristina Jaskyte, "Predictors of Administrative and Technological Innovations in Nonprofit Organizations," *Public Administration Review* 71, 2011.

SOCIAL ENTERPRISES

Cadaver Commerce

▶ A disembodied leg might help device manufacturers develop minimally invasive coronary bypass techniques. Brain tissue advances Alzheimer's research. Skin is the only body part a pharmaceutical company conducting research for a new topical drug might need. "We don't want anything to go to waste," says Brent Bardsley, executive vice president and chief operating officer of the Anatomic Gift Foundation, a nonprofit whole-body donation program in Hanover, Md.

Selling body parts is mostly illegal in the United States. The Anatomic Gift Foundation and the dozen or so other nonprofit and for-profit ventures that have sprung up in the last decades say they don't trade in

PHOTOGRAPH BY ISTOCKPHOTO

cadavers; they offer procurement services. If there's a whiff of the body snatcher in this, there is also the strangeness that comes with the creation of an industry. According to Michel Anteby, an associate professor at Harvard Business School, the moral legitimacy of a new market can come as much from *how* you sell something as from exactly what you're selling.

Other once-suspect trades have become mainstream—we now readily buy life insurance and sperm. Scholarly accounts of this kind of gradual market legitimization mostly have focused on conformity: New ventures conform to societal ideals, or prior models, or customer demands. Focusing on New York state's commerce in cadavers in 2007, Anteby found that cadaver entrepreneurs are attempting to create moral legitimacy in a vacuum. They follow no precedent, and their customers "are not vocal or strong enough, not to mention often alive, to defend the ventures."

Instead, the ventures try to deflect accusations of illegitimacy or immorality by emphasizing the moral approach to their practices. "In the same way that food can be deemed halal or kosher because it was prepared in a different way, the programs are trying to make arguments around the morality of their pursuit based on how they *treat* the deceased," says Anteby. "'How we operate makes us more moral than you.'"

At Research for Life, a for-profit company based in Chandler, Ariz., CEO Garland Shreves considers it his mission to raise the standard of service in the industry. Unlike the traditional whole-body donation programs at medical schools, Shreves says, his company answers the phone day or night, will never reject a donation his company promised to take, and offers free spiritual counseling to the family of the deceased.

Shreves's good practices, however, don't guarantee a moral cadaver industry. The flipside, Anteby says, is that "if I know how you operate and what makes something moral, I can import your practice and claim morality." After all, any pioneering social entrepreneur can anticipate the benefits of a new venture—be it fair trade or microcredit to the poor—but "there might be a danger in creating precedent in a market that's not yet completely legitimate and then opening it up to other players who might have very different goals and motives," says Anteby. "You're legitimizing not only your market, but the market more broadly." ■

Michel Anteby, "Markets, Morals, and Practices of Trade: Jurisdictional Disputes in the U.S. Commerce in Cadavers," *Administrative Science Quarterly* 55, 2010.