

1. Project Summary

The research asks several questions. Does sector matter in the type, quality or price of the services that organizations provide? Are consumers more satisfied with for-profit, charitable, governmental, or religious service providers? Do different types of service providers target different segments of the community and ignore others? Does sector matter when managers decide on goals and strategies? What are the comparative advantages of nonprofit, public, religious, and for-profit providers?

The proposal requests funding to survey 600 households and 250 organizations in the Phoenix-Mesa metropolitan area. The research will ask heads of households to describe their children's various organized activities in the last seven days and to identify the organizations that provided these services. It also will ask about their satisfaction with various providers, how they found out about them, and if they would recommend them to their colleagues and/or friends. Using the providers generated through the survey questions (a hypernetwork sampling strategy), the research will also interview managers of establishments that serve children, e.g., parks, schools, arcades, daycare centers, churches, etc. We will ask about their goals, strategies, personnel, practices, constraints, and auspice.

Intellectual Merit of the Proposed Activity. The matching of providers and consumers in the various markets for children's services does not always follow an economic logic. On the supply side, many providers are not free to respond to changing market conditions and to react to opportunities, because of a myriad of institutional constraints. Some are bound by legal mandates that restrict what they can do and how they can do it. Others are expected to provide services in an equitable and non-discriminatory manner. For-profits should realize greater short-term gains, because they are less burdened by institutional constraints and thus able to react to changing market conditions and exploit opportunities. In short, auspice should explain differences in organizational strategies, services, customers, and performance.

On the demand side, seldom do atomized households rationally calculate the costs and benefits they might realize as they contemplate different providers of different services. Often households consume these services collectively (in conjunction with other households), outcomes or benefits are difficult to ascertain, trust is a problem, organizational loyalties funnel choices, providers are sites where consumers express identities as much as consume a good or service, and consumers are often subsidized and don't pay the full cost of the service. Because of these "market imperfections," in certain markets public, charitable, and mutual benefit organizations should enjoy competitive advantages in the long term over for-profits and be seen by consumers as more effective and desirable.

The research contributes to several fields. Neo-institutional theory in organizational sociology reminds us that different organizations operate under different institutional constraints. This research looks at sector effects. Ecological research is developing theories of market behavior with attention to organizational niches and firm-level strategies. This research argues that sector mediates the effect of market structure on strategy. Institutional economics and the public administration literature have produced substantial evidence that sector matters. We utilize a different methodology. Consumer research has turned its attention to nonprofit organizations and the marketing of social services, events, experiences, ideas, and information to children. This study extends that work by looking at the roles that social networks and identity play in consumption.

Broader Impacts Resulting from the Proposed Activity. First, the research has important public policy implications. Government contracts, charitable deductions, various subsidies and tax status are premised on the assumption that sector matters. Do charities, membership organizations, and public agencies provide children's services better than for-profits? If so, how so? If not, should we continue to privilege the former? Policy makers need answers to these basic questions before they can make informed decisions. Second, the research involves a population that has previously been understudied. A large percentage of the Phoenix-Mesa metro population is Hispanic (about 25%). Thus the research will have much to say about the urban living conditions of Hispanics in the Southwest. Third, the research will forge links between education and research. Graduate students will do the bulk of the work. The goal is to use the project in Phoenix-Mesa to teach them state of the art research methods.