

Nonprofit organizations

Business



Characteristics of Non-Profit Organizations Non-profit making organizations are those which are not in operation with the aim of direct or indirect individual or organizational gain or profit (Salamon, 1992). This statement is true when the organization is both in operation and when it closes up. In a non-profit organization, Salamon (1992) reveals that any profit or gain made by the organization is used back by the organization in achieving its organizational objectives and or purposes rather than distribute it to any of their members. This paper discusses the characteristics of non-profit organizations.

Characteristics of Non-Profit Organizations

Organized Activity

A non-profit organization or entity should be structured or formal in some way in that they can easily be differentiated from mere extemporized groups or informal family groups (Salamon, 1992). In essence, this provision means the organization in question should have some governing rules and or procedures, an instrument of organization, as well as regularly chosen officers that carry out organized procedures or activities. In addition, these institutions have a legal identification and enter into contracts legally without obligating the personal financial accountability of its personnel.

Private

This provides that non-profit organizations be separate institutionally from the government, i. e., neither its board is dominated by members of the government nor is it by any means part of the government. In the US, Salamon (1992) asserts that non-profit organizations make part of the private sector and are administrated by private boards of directors. Despite them being structurally and organizationally separate from the government,
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Salamon (1996) argues that non-profit organizations are often under great governmental influence. An example is where organizations are bound by state regulations regarding sexual harassment, environmental protection, equal opportunity, handicapped accessibility, and protection of human subjects. This has led to some pundits positing that the involvement of the government is a mere intrusion and undermining of the typical nonprofit sector (Rathgeb and Lipsky, 1993).

Non-Profit Distributing

A non-profit organization operates with no intention of making profit for the owners. All profits generated are invested back into the organization's mission thus forming a distinct difference between it and private business. In essence, Murray (2004) points out that non-profit distributing organizations means that non-profit organizations do not, and are not allowed to generate profits from reduced expenditures and increased receipts.

Self-Governing

This means that these organizations are well equipped to handle and or control its activities and as such are not controlled or rather governed from without by any external entities (Kaplan, 2001). An organization should develop a set of guidelines for its internal governance that includes the allocation of methods as well as governing bodies that select trustees, chooses officers and disposes assets of the organization when it winds up. Today, unlike in the past, many non-profit organizations exclude members of the state from their boards of directors.

Voluntary in Participation

This is where those involved in the operations of the organizations have some degree of voluntary participation in their organizational endeavors, for <https://assignbuster.com/nonprofit-organizations/>

instance, a voluntary board of directors or volunteer staff. Here, volunteering means that either one's participation in the organizational activity is not mandated or coerced, or the organization's board and or staff are assisting in carrying out the objectives of the organization. In the US, voluntarism holds high regards and is extensive with recent surveys revealing that over half of the persons aged 18 and above participated in volunteer work where 75% of these activities were in support of non-profit organizations (Herman and Renz, 2004).

Of Public Benefit

According to Salamon (1992), a non-profit organization should serve the public as well as contribute to the public's common good. The notion here is that since organizations can attract volunteers and operate with no promise of profit distribution, then it is possible that they have some form of attraction to the purpose of the public.

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