

Heart over profit: unravelling the discourse on the non-profit sector's added value

Erika Eidslott, Arild Wæraas & Stephen Sirris

To cite this article: Erika Eidslott, Arild Wæraas & Stephen Sirris (12 Nov 2024): Heart over profit: unravelling the discourse on the non-profit sector's added value, Public Management Review, DOI: [10.1080/14719037.2024.2427010](https://doi.org/10.1080/14719037.2024.2427010)

To link to this article: <https://doi.org/10.1080/14719037.2024.2427010>



© 2024 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group.



Published online: 12 Nov 2024.



Submit your article to this journal [↗](#)



Article views: 363



View related articles [↗](#)



View Crossmark data [↗](#)

Heart over profit: unravelling the discourse on the non-profit sector's added value

Erika Eidslott^a, Arild Wæraas^{b,c} and Stephen Sarris^d

^aCentre for Diaconia and Professional Practice, VID Specialized University, Bergen, Norway; ^bSchool of Business, Oslo Metropolitan University, Oslo, Norway; ^cCentre for Diaconia and Professional Practice, VID Specialized University, Oslo, Norway; ^dMF Norwegian School of Theology, Religion and Society, Oslo, Norway

ABSTRACT

This paper explores Members of Parliament (MPs) perceptions of non-profit sector added value by analysing Norwegian parliamentary debates (2018–2020) through Critical Discourse Analysis (CDA). It examines how parliamentarians discursively legitimize non-profit sector organizations in public service delivery, thereby providing a lens through which this sector's added value can be understood. We find that members of parliament legitimize non-profit sector participation on the basis of their functional and moral added value, relying on various discursive legitimization strategies. The findings offer new methodological and theoretical insights for non-profit research, contributing to discussions on the non-profits' role and value in welfare state services, emphasizing their added value.

ARTICLE HISTORY Received 30 January 2024; Accepted 3 November 2024

KEYWORDS Nonprofits; added value; critical discourse analysis; welfare services

Introduction

The non-profit sector has long been an integral part of Norway's welfare landscape, often celebrated as a pioneer in health and social care (Haugen 2018). Non-profit organizations have traditionally enjoyed long-term, open-ended contracts with public authorities that conferred financial stability and predictability. Public sector financing is the primary source of income for the non-profit sector in Western Europe (Anheier and Salamon 2006). This is particularly important in health and social services. In Norway, 95% of the revenues of non-profits operating within health and social care comes from public authorities (Gurmu 2023). Salamon, Sokolowski, and Haddock (2017) show that a large welfare state and a vibrant civil society are symbiotic rather than mutually exclusive. A stable combination of strong welfare states, market economies and non-profit engagement is common to the Nordic countries.

However, in 2004, European Union (EU) legislation required Norway to open up institutional services to competitive tendering. This legal shift meant that contracts

CONTACT Erika Eidslott  erika.eidslott@VID.no

© 2024 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group.
This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivatives License (<http://creativecommons.org/licenses/by-nc-nd/4.0/>), which permits non-commercial re-use, distribution, and reproduction in any medium, provided the original work is properly cited, and is not altered, transformed, or built upon in any way. The terms on which this article has been published allow the posting of the Accepted Manuscript in a repository by the author(s) or with their consent.

with the public sector were no longer exclusively accessible to non-profits; commercial entities also gained the right to compete for public contracts. This legislative change did not occur in isolation but rather was part of a broader international paradigmatic shift from the state functioning as a social benefactor to being a proponent of global competitiveness (Sivesind and Saglie 2017, 32–34). This epitomizes a transformation of the Norwegian government from being a welfare provider where it takes responsibility for the provision of all public services to an increasingly competition-oriented entity where it enables the participation of multiple actors in providing services under the welfare state umbrella. Thus, non-profits could no longer assume their role as default service providers; their position became contingent on their ability to demonstrate a competitive edge in the open market.

It is against this complex backdrop that we argue for a renewed relevance of non-profit added value. By added value we mean “the perceived social value of services or programs provided by an actor that differs positively from the perceived social value of services or programs provided by other actors” (Wæraas, Sirris, and Hellevik 2024). As the non-profit sector’s role increasingly became a matter of negotiation in the Norwegian context, it grew imperative for members of parliament (MPs) – especially on the left of the political spectrum – to legitimize the non-profit sector’s continued relevance and integration into the welfare state framework. Accordingly, this study explores the relatively uncharted territory of national MPs perceptions of added value applied to the non-profit realm.

Examining parliamentary discussions from 2018 to 2020 on the non-profit sector’s role in delivering welfare state services, we rely on critical discourse analysis to analyse the discursive legitimization of added value as it relates to non-profit welfare organizations. Our core argument is that advocacy for the non-profit sector stems from a perception of added value. Our study prioritizes discursive legitimization strategies, as they provide direct insight into how MPs implicitly acknowledge the added value of non-profits. By centring on the strategies themselves, we aim to accurately reflect the interplay between legitimization efforts and perceptions of non-profit value as they emerge in political debates.

This leads us to our research question: *How do members of parliament discursively legitimize the added value of the non-profit sector within the welfare state?*

Unpacking the notion of added value in this way from a lofty term to the palpable offers several contributions. First, whereas previous studies have focused on the social value of non-profits (Dacin, Tina Dacin, and Matear 2010; Phills, Deiglmeier, and Miller 2008; Seelos and Mair 2020; Van der Have Robert and Rubalcaba 2016), we extend a small but growing literature that has taken the first few steps towards a better understanding of the notion of added value. More insight into the added value of non-profit organizations seems clearly needed the more these organizations compete to provide public health and social services. In the multifaceted landscape of the welfare state consisting of public, commercial, and non-profit actors, advocacy for one type of provider often relies on a comparison with the alternatives. Within this framework, promoting the non-profit sector extends beyond merely promoting its specific merits; it also involves contrasting these advantages with those of commercial and public organizations. We contend that the notion of ‘added value’ is crucial to our understanding of how the political discourse favours non-profits. As such, our paper addresses a call for more research on the added value of non-profits vis-à-vis public and private sector providers

Second, our findings have practical implications for non-profits. A more nuanced understanding of their own unique contribution relative to other organizations enables non-profits to provide information to MPs and other stakeholders who then can make more informed, discerning decisions when selecting among a range of welfare service providers. Thus, our paper will not only inform the scholarly conversation concerning the role of non-profits within the welfare state but also draw attention to the question of who should provide our welfare services, and why. The issue of welfare is particularly relevant in contemporary society, given the so-called welfare crisis characterized by an ageing population and a shortage of healthcare personnel (Mitchell and Walker 2020)

This article is structured as follows: we begin by accounting for the theoretical concepts and framework before spelling out the methods employed. We then proceed to discuss our main findings before drawing conclusions. Our analysis is divided into three sections, consistent with the principles of Critical Discourse Analysis (CDA).

Theory

One way to understand the contribution of the non-profit sector is through the lens of ‘social value’. In general, social value refers to an improvement in human condition (Beer and Micheli 2018). When this concept is used in research, it either refers to the activities that generate social value or the result of such activities. In the first case, prominence is given to prosocial activities, services, interventions and programmes as well as the conditions that make these activities possible (Dacin, Tina Dacin, and Matear 2010). In the latter case, social value is considered in retrospect in terms of effects or impact from these activities. Here, the priority is ‘to understand [in social terms] what difference an organization’s activities make to the world and to communicate that value to the organization itself and to its stakeholders’ (Gibbon and Dey 2011, 64).

However, uniquely emphasizing the social value of non-profits is problematic. Mission drift, competitive tendering, and long-term contracts specified by public authorities are likely to downplay the original and unique moral, social, and religious aspects of the non-profits’ identities (Ebrahim, Battilana, and Mair 2014; Jones 2007). The terms dictated by the contracts ensure standardization of services without necessarily considering the non-profits’ historical idiosyncrasies. Increased competitive pressures and standardization imply that the social value created by a non-profit will be similar to the social value created by commercial and government providers. As a result, differences between public, private, and non-profit service providers become less evident (Bromley and Meyer 2017). Whereas the market is driven by rational organizations pursuing their goals and self-interest, non-profit organizations that operate between the market and the non-profit sector may find themselves in the paradoxical situation of exchanging solidarity for resources (Sirris 2020). Moreover, they eventually adopt hybrid organizational identities (Billis 2010), encompassing features that are generally not expected to co-occur (Maier, Meyer, and Steinbereithner 2016).

Identity drift and hybrid organizational identities do not necessarily prevent non-profits from generating social value. Every non-profit contributing to some form of improvement in human condition arguably generates social value (Frumkin and Andre-Clark 2000; Mannarini, Pozzi, and Marta 2023). However,

this social value may be different from the type of value that the non-profits initially set out to create. Public authorities may begin to question why they should fund non-profits or award contracts to them if they are unable to see a unique contribution. Against this backdrop, the added value of non-profits emerges as a crucial issue and a more relevant concept than social value – especially as this notion relates to the perceptions of members of parliament. Importantly, MPs on the national scene are the ones who ultimately decide how closely integrated non-profit organizations will be in the delivery of public services. The more they perceive non-profits to add value, the more they are likely to decide to keep them within the welfare state framework.

The discursive legitimization of nonprofits' added value

The concept of added value is under-theorized and suffers from a lack of definition and empirical attention in the non-profit literature. Despite this shortcoming, however, two important points derived from this literature are helpful for the purpose of our study. First, scholars have suggested that added value can only be assessed relative to something else (Hart and Haughton 2007b; Ryan and Lyne 2008). Whether or not non-profits add value depends on how they compare to commercial and public sector providers. Added value presupposes a comparison that weighs the non-profit sector's contributions against the contributions of other providers like commercial and public sectors. In this way, 'added value' captures the unique characteristics of the non-profit sector and highlights its relative embeddedness within a broader landscape.

Second, some scholars suggest that added value is a multidimensional construct encompassing different subtypes. Bassi (2012) distinguishes between political, social, economic, and cultural added value, albeit without emphasizing the comparative aspect of added value. In a similar vein, Wæraas, Sirris, and Hellevik (2024) their conceptual paper propose to distinguish between functional, altruistic, emotional, and social added value, but do not offer detailed operational definitions of these constructs (Wæraas, Sirris, and Hellevik 2024). Moreover, similar to Bassi (2012), they do not provide data to connect the various subtypes to non-profit services and programmes.

Thus, despite the theoretical advances, added value is still a rather abstract concept. To our knowledge, no established measure exists for assessing the added value of non-profits. This is in contrast to the literature on social impact, which provides an array of measurement methods (Rawhouser, Cummings, and Newbert 2019). As a result, the added value of non-profits is likely to become a matter of interpretation and – not least – legitimization, which constitutes the focal point for our study.

Legitimization can occur through various means, including discourse (Vaara, Tienari, and Laurila 2006). We refer to discursive legitimization as the process by which ideas, practices, or institutions gain (or lose) legitimacy through discourse. The process implies constructing some aspects of a phenomenon as 'positive, beneficial, ethical, understandable, necessary, or otherwise acceptable' or as 'negative, harmful, intolerable, or . . . morally reprehensible' (Vaara, Tienari, and Laurila 2006, 794). By doing so, specific actors try to convince others through various discursive moves that a particular practice, action, object, or idea is desirable and acceptable within a socially constructed set of norms and values (Suchman 1995). Vaara, Tienari, and Laurila (2006) model offers a nuanced categorization of strategies such as authorization; references to authorities, be it a person, law, or tradition, normalization; rendering

something natural by discursive means, rationalization; underpinning arguments by rational arguments, moral evaluation; using moral arguments and value systems, and narrativization; stories about the past or desired future, or cautionary tales of potential dystopian futures.

Controversial contexts are particularly fertile grounds for such strategies, as they trigger the need for various actors to legitimize (Vaara, Tienari, and Laurila 2006). Legitimization is needed when someone holds a privileged position of authority (Weber [1922] 1968) or when doubt can be raised about an action, practice, situation, or entity. A case in point is the study by Peda and Vinnari (2019). Examining the discursive (de-)legitimization of profit in the context of public-private partnerships, the authors identify various strategies including normalization (i.e. profit is a natural and expected outcome of public services) and moral evaluation (i.e. profit is not acceptable) (Peda and Vinnari 2019).

Whereas profit is controversial in the context of public-private partnerships, non-profit participation in the provision of public services can also be controversial – especially if the added value of non-profits is not evident. The growing commercialization of the welfare state in Norway is a controversial issue, sparking intense debate over who should provide health and social care (Sivesind 2017). Particular attention has been paid to which private entities should be permitted – non-profit or commercial – and to what extent commercial providers should be included. In a competitive welfare state environment, simply emphasizing the value of the non-profit sector in isolation would not constitute a compelling argument for offering contracts to non-profits. Rather, the focus would be on how non-profit entities offer something distinctive or superior that neither their commercial nor public counterparts can provide.

Accordingly, members of parliament engage in discursive legitimation of the non-profit sector vis-à-vis the commercial and public sectors when they make the argument that non-profit organizations provide added value compared to commercial and government-owned organizations. Because legitimacy is a chronic problem for non-profits (Billis 2010), we can expect parliamentary debates on the role of the non-profit sector in public service delivery to invoke various discursive legitimation strategies and underlying discourses (Vaara, Tienari, and Laurila 2006) through which the added value of the non-profits emerges. In the following we explain how we proceeded to uncover these aspects of the legitimation process.

Methodology

In this study, we adopt critical discourse analysis as our primary methodological approach, inspired by the work of Vaara, Tienari, and Laurila (2006). While critical discourse analysis is employed across a multitude of fields from linguistics, sociology, and political science, we rely on a model that helps organizational scholars comprehend micro-level discursive strategies used in legitimizing controversial organizational phenomena.

Data sources

We scrutinize a curated set of documents from the Norwegian Parliament (Stortinget) from 2018–2020 (Table 1). These documents, comprising political debates, representatives' proposals and recommendations to parliament serve as a fertile ground for

Table 1. Data sources.

Year	Type of material	Quantity	Topics
2017–2019	Parliamentary representative's proposal	1 proposal 3 pages	Parliamentary representative's proposal to strengthen non-profits within specialized healthcare services.
2017–2020	Report	1 recommendation 56 pages	Report from the Health and Care Committee on the parliamentary representative's proposal to prioritize non-profit organizations over commercial actors when health trusts purchase institutional placements.
2017–2020	Parliamentary Meetings	5 meetings 41 hours and 46 minutes 34 pages	Debate on various topics.

exploring MPs perceptions of the non-profit sector's added value. The topic under consideration is emotionally charged, eliciting impassioned and often polarized rhetoric. This high-stakes environment is fostered by the perception that the non-profit sector – and by extension, foundational societal values – is under threat from commercial entities. Such a charged atmosphere gives rise to an array of legitimization and delegitimizing strategies, making critical discourse analysis a highly suitable analytical lens.

In summary, our data stems from five meetings, one parliamentary representative's proposal and one report regarding a parliamentary representative's proposal. The meetings lasted for a total of 41 hours and 46 minutes. They were recorded and transcribed by the Norwegian Parliament and are publicly accessible on the website of the Norwegian Parliament. These transcriptions amount to forty-five pages. Specifically, the meetings consist of two question times (one oral, one ordinary), whereas two meetings are related to representatives' proposals.

Data analysis

In our analysis of this material, we were guided by Vaara et al. who suggest a three-step process for critical discourse analysis: 1) a thematic analysis of the material, 2) an interdiscursive analysis distinguishing different discourse types used in legitimization 3) a textual analysis focusing on the most important legitimization strategies. The three stages are interconnected in the sense that each step logically builds on the previous one, offering increasing granularity and insight into the material. The thematic analysis gives the 'what' – what are the key themes? The interdiscursive analysis gives the 'how': how these themes are being talked about and how ways of talking are connected to dominating discourses. Lastly, the textual analysis of the legitimization strategies shows how discursive strategies are employed to legitimize or delegitimize the organizational phenomena at hand.

The goal of thematic analysis generally extends beyond mere summation of data; it seeks to pinpoint and elucidate significant features of the data, steered by the research question, which may adapt and take shape throughout the process of coding and theme generation (Clarke and Braun 2015). In our

case, we started with a vast number of documents from 2018–2020. The thematic analysis highlighted the most pertinent parts of our material, allowing for further refinement until we were left with seven cases from 2018 to 2020. Each case consisted of numerous documents, not all of which were relevant to our study. At this point, we further narrowed down our material to only include documents directly related to the non-profit sector. With this refinement complete, we undertook an in-depth reading of the material at hand, revealing multiple recurring themes. Firstly, the quality of services emerged as a dominant theme, often tied to the specialized skills and competence within the non-profit sector. Secondly, concerns about the negative impacts of commercialization are a recurring topic, where MPs outline how commercialization risks squeezing out the non-profit sector and funnelling profit out of the country. Thirdly, the non-profit sector's values are a significant theme, which often manifests as MPs argue that the non-profit sector operates from good (moral) values, in contrast to commercial entities, which are portrayed as profit driven. Finally, the history of the non-profit sector in health- and social services is a repeated theme. These themes coexist and are often present in the same debate or legislative proposal.

The subsequent step in the CDA methodology is an inter-discursive analysis of different discourses related to the identified themes. This helps to understand the 'order of discourse', the network of discursive practices of a particular social domain (Vaara, Tienari, and Laurila 2006). In brief, we identified three main discourses – a values discourse, a non-profit uniqueness/civil society discourse, and a discourse on tradition.

The last step in the analysis involved inferring legitimization strategies from the data and relating them to the themes, discourses, and implicated added value. After carefully reviewing themes and discourses and comparing them to existing literature, we found that several strategies built on different themes, that different themes related to the same strategy, and that several strategies were combined. In total, the analysis allowed us to distinguish between four strategies: normalization, rationalization, moralization, and narrativization (cf. Table 2). These strategies are well known in discursive legitimation literature (Glozer, Caruana, and Hibbert 2019; Peda and Vinnari

Table 2. Discursive strategies.

Discursive strategy	Themes	Discourses	Secondary strategy	Implicated added value
Normalization	Quality of services	Tradition		Functional
	History of the non-profit sector	Nonprofit sector uniqueness		
Rationalization	Quality of services	Nonprofit sector uniqueness	Rationalization	Functional Moral
		Values		
Moralization	Nonprofit sector's values	Values	Rationalization	Moral
	Negative impacts of commercialization	Nonprofit sector uniqueness		
Narrativization	Nonprofit sector's values	Tradition		Moral
		Values		
		Nonprofit sector uniqueness		
		Tradition		

2019; Vaara, Tienari, and Laurila 2006) but not in scholarly debates on the added value of non-profits in the provision of health and social services, nor is it known *how* such strategies are used. Thus, which themes and discourses are included in legislators' discursive legitimization of the non-profit sector is a topic that calls for more research, especially with respect to improving our understanding of the added value and future role of non-profits within the welfare state.

Findings

Normalization

The first strategy for legitimization that we turn our attention to is normalization. Normalization involves legitimization by rendering something normal or natural (Vaara, Tienari, and Laurila 2006; Weber [1922] 1968). In our empirical material, this strategy manifests as MPs consistently highlight the long-standing tradition of non-profit engagement within the Norwegian welfare state. This perspective is illustrated in a 2018 Parliament discussion, where a representative from the Christian Democratic Party stated that non-profit organizations are 'a very important part of both our history and our cultural heritage and should be preserved' (Stortinget 2018a). The argument is that non-profits have participated in delivering public services for such a long time that they have become an indispensable part of an important tradition and, therefore, have a justified right to continue to exist within this system. Discursive normalization is also salient in the 2018 parliamentary meeting on the recommendation from the Health and Care Committee regarding argued shortcomings in addiction treatment resulting from a tender competition. The non-profit sector's long integration into governmental addiction treatment is emphasized:

After a tender competition in the field of interdisciplinary specialized addiction treatment, two unique institutions with very long track records are to be closed. (...) these two institutions have, over the course of 40 and 70 years, respectively, accumulated experience, achieved good results, and developed unique treatment methods within the field. (Stortinget 2018b)

MPs recognize the two institutions as essential components of addiction treatment. They highlight that consistent, high-quality care over the years has established these institutions as fixtures in the realm of specialized addiction treatment. With their legacy of quality services and extensive experience, MPs present these institutions as a standard and embedded part of the government healthcare system. The argument for bolstering the non-profit sector, premised on its normalization within addiction treatment, is also echoed in a representative's proposal to reinforce non-profit actors in specialized healthcare services:

Nonprofit organizations have often been the pioneers in developing welfare offerings that the authorities subsequently recognized as universal rights. (...) In the field of substance abuse, nonprofit organizations have played a historically significant role. They also host some of the strongest professional communities in several areas and are essential in ensuring diversity in service offerings. More than half of the total task volume in residential care within interdisciplinary specialized treatment (TSB) is found in nonprofit organizations. (Toppe and Mossleth 2020)

The MP strategically normalizes the engagement of non-profit actors in addiction treatment, underscoring their deep-rooted history and significant share in service

provision as customary and typical. The MP cements the notion that non-profit organizations are not just participants but pillars of the current system. By contrast, the competitive tendering regime and commercial entities are portrayed as anomalies, unconventional intrusions disrupting the established order of operations within addiction treatment and invoking a sense of preservation and defence of national legacy.

Normalization as a strategy of legitimization is intimately linked with a tradition-oriented discourse. By framing non-profit organizations as a fundamental part of Norway's cultural heritage and a longstanding pillar within the welfare state, MPs depict the sector's involvement as traditional and essential. This approach is rooted in a discourse of historical continuity, where the non-profit sector's long-standing service and contribution to fields like addiction treatment are portrayed as inherently woven into the societal fabric, presenting their presence and practices as natural within the governmental service domain.

Rationalization

Rationalization focuses on the functional benefits or utility of certain practices. In our material, MPs frequently turn to this strategy when arguing for the superior quality of the non-profit sector. It comes into play when MPs highlight the unique attributes the non-profit sector brings to society, which neither the commercial nor the public sector can offer. For example, a representative from the Conservative Party (Høyre) articulates this sentiment in a parliamentary discussion from 2019, stating:

As one can see in the government platform, nonprofits have intrinsic value for our government. We have several points in the platform that deal with how we will support nonprofit activity, protect it, and boost it. We believe that the nonprofits represent a third sector in our society, providing extra value that neither public nor private (commercial) entities can offer. (Stortinget 2019)

This is an explicit acknowledgement of the sector's role as a vital third component in the societal framework, complementing and extending beyond the capabilities of the public and private sectors. Rationalization as a legitimizing strategy draws upon the non-profit sector's distinctive contributions, characterized by aspects such as their community-based roots, mission-driven goals, and their ability to mobilize volunteerism and advocacy that often go beyond what public and market-driven entities typically provide. In this context, the unique characteristics discourse becomes particularly salient. It celebrates the non-profit sector's arguably unmatched position in fostering social cohesion, filling gaps in service provision, and embodying the principles of altruism and non-profit engagement.

Here, the discourse on values becomes apparent; the utility of the non-profit sector is portrayed as intricately connected to non-profits' provision of 'extra values' that neither the public nor commercial entities possess. The interplay between rationalization and the discourse on values similarly manifests in a parliamentary debate on child welfare services from 2019 where a representative from the Christian Democratic Party, advocates for the utilization of the non-profit sector in the following manner:

I am concerned that children should receive the highest possible quality of care. Therefore, the rules are structured in a way that nonprofit actors (...) contribute to diversifying the sector and enhancing its quality". (...) The measures we are implementing to promote the use of nonprofits, as I pointed out - both in response to policy decision and, most importantly, the

directive for Bufdir to engage nonprofits whenever possible - will not only serve to strengthen the overall quality, I would argue, but also the utilization of nonprofits. (Storthinget 2019a)

Here, non-profit participation within child welfare services is presented as a contribution to the quality of such services, implying a discourse on values. In the same debate, a representative from The Centre Party anchors its rationalization in the economic efficiencies brought by non-profit organizations, positioning them as not just socially but also fiscally advantageous partners in governmental social services:

In the Centre Party, we want the important (nonprofit) stakeholders to play a far greater role in child welfare services, at the expense of large commercial actors who are growing and growing, and who are taking more and more of the community's tax money for profit without it going back into the welfare services – unlike what the nonprofits do. (Storthinget 2018b)

The utilization of non-profits is presented as having a utility value, specifically in economic terms, as these organizations are not profit-oriented, contrasted with competing commercial entities' practices. In this debate, rationalization is used as a legitimization strategy, suggesting that non-profits keep financial resources within the government economy where they are reinvested in welfare services instead of contributing to profit for commercial entities. This narrative from the parliamentary meeting underpins that non-profit involvement is not just beneficial due to their unique characteristics and service quality but also a prudent economic choice for the national welfare system.

Furthermore, rationalizing the economic advantages of the non-profit sector can be linked to several discourses. A values discourse is reflected in the financial argument as it ties back to the added moral values of the non-profit sector. The implication that non-profits reinvest returns into their welfare services rather than distributing them to shareholders resonates with the ethical principle of serving the community rather than individual or corporate gain. This presents non-profits as inherently aligned with 'good' societal values, thereby legitimizing them on a moral and ethical basis. Moreover, the economic benefits associated with the non-profit sector can be understood as part of a unique characteristics discourse. Unlike commercial entities, non-profits are described as retaining and reinvesting resources within the community, which is a distinct trait of the sector. It is worth emphasizing that when MPs legitimize non-profits, they often align the utility of non-profits, whether implicitly or explicitly, with their added moral values. Rationalization draws from the realms of morality and ideology, leading to an overlap between rationalization and moralization, even though they can be distinguished analytically. The blending of these strategies encourages us to delve into moralization, the next legitimizing strategy we explore, which is particularly prominent in our dataset.

Moralization

The Norwegian term for the non-profit sector is 'ideell sektor', which directly translates to 'ideal sector'. This choice of wording adds a textured layer to the discourse, subtly implying that organizations within this sector may align more closely with societal or ethical ideals – the implications of this term segue naturally into our exploration of moralization as a legitimization strategy. MPs often use moralization

to highlight the values-driven nature of non-profits, contrasting them to commercial entities, which are frequently portrayed as motivated primarily by profit, implying a contradiction between (good) values and profit. In this way, moralization serves as a dual-edged sword: it legitimizes non-profits while potentially delegitimizing their commercial counterparts. For instance, during a 2020 discussion in the Norwegian Parliament, a representative from the Socialist Left Party states:

The commercial sector has spread into child welfare. Previously, the public sector collaborated with nonprofit foundations for the protection and care of vulnerable children. Now, everything is business secrets, and nonprofits are being squeezed out by large commercial companies that make money off of children who need help. VG (a Norwegian newspaper) has revealed that the three largest companies in commercial child welfare are all registered in tax havens. An unknown number of millions of kroner are leaving the service meant to help vulnerable children, to build the fortunes of an international financial elite. (Stortinget 2020b)

In this example, the delegitimization of commercial actors is evident – they are portrayed as money-driven, even exploitative. At the same time, non-profits are legitimized through normalization – ‘the public sector used to collaborate with non-profit foundations for the protection and care of vulnerable children’ (Stortinget 2020b). The implication here is that non-profits are morally superior, particularly concerning the treatment of vulnerable children.

Another example of moralization can be found in a 2018 report by the national parliament’s Health and Care Committee regarding a parliamentary representative’s proposal to prioritize non-profits over commercial actors when purchasing institutional placements.

The proposers point out that non-profit organizations and foundations have unique characteristics that distinguish them from commercial entities. These nonprofit organizations have a clear set of values and serve a social purpose. Many nonprofits enjoy trust from the public. Both the EEA Agreement and Norwegian law allow for the prioritization of nonprofit actors within the health and care sector”. (. . .) “A stable presence among service providers contributes to good care. (Haltbrekken and Wilkinson 2018)

In this instance, the strategy of moralization emphasizes non-profits’ distinct, values-based identity and social purpose, contrasting them with commercial actors.

The moralization evident in the presented quotes is closely linked to several discourses. Firstly, when MPs portray non-profit entities as driven by a clear set of good values and serving a social purpose, they unmistakably reinforce a values discourse. Perhaps more implicitly, the assertion that non-profit entities operate from a desirable moral ground touches on the unique characteristics discourse, as the values of the non-profit are depicted as unparalleled by its public and commercial counterparts. Furthermore, the quotes related to EEA jurisprudence clearly draw on the legally oriented discourse. Lastly, the mention of traditional collaborations in the realm of child welfare services evokes a tradition-oriented discourse, illustrated by the recollection of past synergies between the public sector and non-profit organizations. This retrospective idealization implies that the previous arrangement, rooted in shared social objectives and communal trust, is preferred over the burgeoning commercial intrusion which is often characterized by profit motives at the expense of children’s welfare.

In this instance, we observe an unmistakable confluence of multiple discourses. Similarly, a variety of legitimization strategies can be identified within the quotations. A rationalization strategy is applied to argue for the practical benefits of prioritizing non-profits, such as ensuring the stability of tenure of personnel, which is critical for delivering high-quality care. Moreover, the interplay between moralization and rationalization is particularly noteworthy, as Vaara et al. argue that rationalization is always inherently tied to moral values (Vaara, Tienari, and Laurila 2006). This is particularly prominent in our material, as the utility of the non-profit sector often is linked to its moral foundation.

Narrativization

The combined use of these strategies adds another layer of complexity in legitimizing the non-profit sector in Norwegian public discourse. It is within this intricate tapestry of legitimization that narratives come into play. While functioning as a standalone strategy, narratives also serve to weave together the various legitimization strategies, acting as a narrative thread that ties moral, rational, and other forms of legitimization into a coherent story. The narratives at play are often dramatic tales that serve to highlight the virtues of non-profits while casting commercial entities as villains in the story. Narrativization is apparent in a 2018 debate in the Norwegian Parliament where a representative from The Red Party, vigorously states:

In the Scripture, it says in Matthew 6:24, ‘Ye cannot serve God and Mammon’. If God’s role is unclear, it is at least completely obvious that the new government wants to serve Mammon, particularly the welfare profiteers. We know that these commercial entities are pushing out the nonprofit actors from child protection services, kindergartens, and addiction care. They are barging in with significant financial muscle behind them, and they’re squeezing out the Salvation Army, the Church City Mission, the Blue Cross Norway, and other important nonprofit organizations. (Stortinget 2024)

Here, commercial entities are portrayed as powerful forces that emerge at the expense of non-profit organizations. It is also worth noting the term ‘welfare profiteers’, favoured by left-wing MPs. The term is controversial as it suggests that commercial entities mainly focus on profit-making, implying that this supersedes service quality. Interestingly, the MP, who represents a party that distances itself from religion, cites the Bible. In doing so, a profound contrast between serving mammon (material wealth) and serving God is created – indicating an inherent conflict between the pursuit of profit and the pursuit of virtuous values. By using a biblical quotation and stark rhetoric, the representative paints a narrative that frames the issue as a struggle between the good and the bad.

This narrative about the alleged opposition between profit and good values is also evident in a quote from a representative from the Socialist Left Party during a parliamentary meeting on 24 May 2018,

This (the nonprofit sector vs. commercial entities) is a matter of values: Should it be the short-term buy-and-sell mentality that governs, or should human needs be at the center? (Stortinget 2018)

This narrative about the opposition between profit and values, as exemplified in the statement above during the 2018 parliamentary meeting, highlights the underlying tension that permeates the discourse around non-profit and commercial sectors. It draws attention to the question of values, pointing to what is at stake when different sectors vie for legitimacy and resources.

Furthermore, the use of narratives as a legitimization strategy operates as a tapestry needle, threading through the fabric of various discourses to bind them into a cohesive story. The narrativization strategy often revolves around the virtuous values of non-profit entities, evoking a values discourse. Through narrativization, the unique characteristics discourse is pertinent, as the non-profit sectors' specific ethos and structure, which sets them apart from commercial and public entities, are highlighted. Moreover, narrativization draws upon the tradition-oriented discourse; nostalgically recounting historical collaborations between the public and non-profit organizations, before the burgeoning of commercial entities, implying that things were better back then. Narrativization may also reinforce the legally oriented discourse by invoking past political decisions to strengthen the non-profit sector as well as portraying commercial entities within ownership in so called tax havens operating within legal grey areas.

It is against this backdrop that we now delve deeper into how various legitimization strategies that are intrinsically tied to different forms of added value (cf. [Table 2](#)).

Discussion

What, then, are the implications and relevance of our findings? As one of the first studies to provide empirical data on how non-profit sector participation in welfare state service provision is legitimized, we divert the conversation regarding social value towards the notion of added value. By doing so we extend an emerging literature ([Bassi and Vincenti 2015](#); [Hart and Haughton 2007a](#); [Jönsson and Scaramuzzino 2022](#); [Mannarini, Pozzi, and Marta 2023](#); [Ryan and Lyne 2008](#); [Wæraas, Sirris, and Hellevik 2024](#)) that has paved the way for our study.

First, our study suggests that the current scholarly conversation about 'social value' misses a crucial element of how non-profits contribute within the welfare state framework. Instead of continuing the debate on how social value should be defined, understood, and measured ([Mannarini, Pozzi, and Marta 2023](#); [Rawhouser, Cummings, and Newbert 2019](#); [Ryan and Lyne 2008](#)), our findings from Members of Parliament (MPs) conversations about the role of non-profits in the provision of public services highlight the importance of understanding the concept of *added* value. This is not to say that social value is redundant or unnecessary as a notion or that the research on social value is futile. However, given an increasingly competitive welfare state in which the right to provide public services is awarded based on tendering processes and contracts ([Sivesind and Saglie 2017](#)), understanding the unique and relative contribution of non-profits within the welfare state framework is of growing importance. In this sense, we argue that the concept of added value is more useful than the concept of social value.

The insights we have generated from our study of national-level Members of Parliament arguments suggest that added value differs from the concept of social value because added value is expressed through comparisons, explicitly or implicitly. In the intricate fabric of the pluralistic welfare state, competition is a constant backdrop ([Sivesind and Saglie 2017](#)). The focus often narrows down to a contest between non-profit and commercial organizations as they compete for a slice of the same pie.

Thus, when public authorities face a choice between various providers when awarding contracts, the question for them is not just ‘Is this good?’ (addressing social value) but ‘Is this better than the alternatives?’ (addressing added value). This means that although different providers may all create social value, they do not necessarily create added value (Wæraas, Sirris, and Hellevik 2024). Those that are perceived as providing *added* value will have a competitive advantage in the quest for government contracts over those that ‘only’ provide social value.

Second, the findings highlight the need to understand the close relationship between added value, political discourse, and legitimization. The use of various legitimization strategies by MPs to endorse the non-profit sector is grounded in different discourses and inherently ties into different forms of added value. These forms do not only serve to strengthen the case for the non-profit sector but also to question the roles and effectiveness of commercial entities. Normalization, for instance, may imply an added functional value that originates from the historical role of non-profits in the provision of public services. By emphasizing a discursive basis of stability and longevity, which is not possible for new commercial entities to match, the strategy promotes the non-profit sector’s unique capacity for sustained delivery. Similarly, drawing on the non-profit sector uniqueness discourse, the rationalization strategy invokes two forms of added value: A functional added value, emphasizing the non-profit sector’s extensive experience in delivering high-quality services, and a moral added value, as the sector’s utility is intrinsically linked to its ethical principles, in contrast to commercial providers. This is to say that when a non-profit functionally fulfils its mission, it also simultaneously provides moral value because non-profits are ‘good’ organizations by definition – it is what they do and who they are (Brickson 2007). As argued by certain members of the Norwegian parliament in our study, the contrast to commercial providers is significant in this respect because commercial providers are likely to prioritize profit maximization based on self-interest rather than the common good. When MPs argue that non-profits have good values, they compare them to other welfare organizations, usually commercial entities, that are presumably less trustworthy due to their profit-driven nature.

In making these findings, we contribute to the emerging literature on non-profit added value (Bassi and Vincenti 2015; Hart and Haughton 2007a; Ryan and Lyne 2008; Wæraas, Sirris, and Hellevik 2024) by showing the multidimensional nature of added value. We build on and support the theoretical propositions made in this literature by providing empirical evidence for specific dimensions of added value. In doing so we show the interrelated nature of these dimensions as they relate to key discourses and themes, particularly in the context of the legitimization of the non-profit sector’s added value. Thus, we show how added value is discursively constructed rather than being an inherent quality of non-profits.

Our findings also have practical implications for non-profits. A better understanding of their own unique contribution to society compared to other providers’ contributions could enable non-profits to be more specific about their unique features. Instead of showing how they create social value, they would benefit from emphasizing their added value. Legitimization strategies such as normalization, rationalization, moralization, and narrativization could be used in their bids and negotiations with public authorities to highlight their added value. They could also distinguish between their functional and moral added value to bolster their relative competitiveness. Within a competitive welfare state framework, increasingly characterized by questions

such as who should provide welfare state services and why, the discursive legitimation strategies revealed in our study could be very helpful with respect to providing compelling answers and eventually becoming a preferred provider.

Conclusion

In our study, a Critical Discourse Analysis (CED) illuminated how national-level MPs legitimize the non-profit sector, thereby revealing how they perceive the sector's added value. Beyond highlighting the importance of a better understanding of added value, our study suggests that added value is not an occasional rhetorical flourish in support of the non-profit sector. Rather, it is an integrated component of the legitimization of the non-profit sector as a whole. Thus, to grasp the contributions of the non-profit sector in a competitive welfare state, it is crucial to consider how non-profit organizations differentiate themselves by adding more social value or better social value compared to their competitors. Our study introduces a nuanced perspective on non-profit contributions that considers the dynamics of a competitive environment where the non-profit sector must distinguish itself to preserve its relevance amongst a wide array of welfare providers. Given the increasing element of competition, it is imperative for scholars to adopt interpretive frameworks that capture this evolving context, such as discourse analysis. Not doing so risks overlooking the fact that non-profits must demonstrate their competitiveness. It is not sufficient for the sector to be good; it must be better. The concept of added value recognizes the growing influence of market dynamics within the welfare state and serves as an analytical lens for examining the role of the non-profit sector in this context.

Disclosure statement

No potential conflict of interest was reported by the author(s).

References

- Anheier, Helmut K, and Lester M Salamon. 2006. "The Nonprofit Sector in Comparative Perspective." In *The Nonprofit Sector: A Research Handbook*, 89–116. Vol. 2. 2nd ed. Yale University Press. <https://doi.org/10.12987/9780300153439>.
- Bassi, Andrea. 2012. *Challenge Social Innovation: Potentials for Business, Social Entrepreneurship, Welfare and Civil Society*, 325–350. Springer. https://doi.org/10.1007/978-3-642-32879-4_20.
- Bassi, Andrea, and Giorgia Vincenti. 2015. "Toward a New Metrics for the Evaluation of the Social Added Value of Social Enterprises." *CIRIEC-España, revista de economía pública, social y cooperativa* 83 (83): 9–42. <https://doi.org/10.7203/CIRIEC-E.83.13417>.
- Beer, Haley Allison, and Pietro Micheli. 2018. "Advancing Performance Measurement Theory by Focusing on Subjects: Lessons from the Measurement of Social Value." *International Journal of Management Reviews* 20 (3): 755–771.
- Billis, David. 2010. *Hybrid Organizations and the Third Sector: Challenges for Practice, Theory and Policy*. London, UK: Macmillan International Higher Education.
- Brickson, Shelley L. 2007. "Organizational Identity Orientation: The Genesis of the Role of the Firm and Distinct Forms of Social Value." *Academy of Management Review* 32 (3): 864–888.
- Bromley, Patricia, and John W. Meyer. 2017. "They are All Organizations". The Cultural Roots of Blurring Between the Nonprofit, Business, and Government Sectors." *Administration & Society* 49 (7): 939–966.
- Clarke, Victoria, and Virginia Braun. 2015. "Thematic Analysis." *The Journal of Positive Psychology* 12 (3): 297–298. <https://doi.org/10.1080/17439760.2016.1262613>.

- Dacin, Peter A, M. Tina Dacin, and Margaret Matear. 2010. "Social Entrepreneurship: Why We don't Need a New Theory and How We Move Forward from Here." *The Academy of Management Perspectives* 24 (3): 37–57.
- Ebrahim, Alnoor, Julie Battilana, and Johanna Mair. 2014. "The Governance of Social Enterprises: Mission Drift and Accountability Challenges in Hybrid Organizations." *Research in Organizational Behavior* 34:81–100. <https://doi.org/10.1016/j.riob.2014.09.001>.
- Frumkin, Peter, and Alice Andre-Clark. 2000. "When Missions, Markets, and Politics Collide: Values and Strategy in the Nonprofit Human Services." *Nonprofit and Voluntary Sector Quarterly* 29 (1_suppl): 141–163.
- Gibbon, Jane, and Colin Dey. 2011. "Developments in Social Impact Measurement in the Third Sector: Scaling Up or Dumbing Down?" *Social and Environmental Accountability Journal* 31 (1): 63–72.
- Glozer, Sarah, Robert Caruana, and Sally A Hibbert. 2019. "The Never-Ending Story: Discursive Legitimation in Social Media Dialogue." *Organization Studies* 40 (5): 625–650.
- Gurmu, Emshaw. 2023. *Staten betaler 14 milliarder for private spesialisttjenester*. Statistics Norway. <https://www.ssb.no/helse/artikler-og-publikasjoner/staten-betaler-14-milliarder-for-private-spesialisttjenester>.
- Haltbrekken, Lars, and Nicholas Wilkinson. 2018. *Report from the Health and Care Committee on the Parliamentary Representative Proposal to Prioritize Non-Profit Organizations Over Commercial Actors When Health Trusts Purchase Institutional Placements (2017-2018)*. https://www.stortinget.no/no/Saker-og-publikasjoner/Publikasjoner/Innstillinger/Stortinget/2017-2018/inns-201718-194s?m=0&s=ideell#match_1.
- Hart, T., and G. Haughton. 2007a. *Assessing the Economic and Social Impacts of Social Enterprise: Feasibility Report*.
- Hart, Trevor, and Graham Haughton. 2007b. *Assessing the Economic and Social Impacts of Social Enterprise*. London: Cabinet Office.
- Haugen, Hans Morten. 2018. "What Policy Space for Diaconal Institutions? Challenges from Public Procurement." *Diaconia* 9 (1): 16–31.
- Jones, Marshall B. 2007. "The Multiple Sources of Mission Drift." *Nonprofit and Voluntary Sector Quarterly* 36 (2): 299–307.
- Jönsson, Anders, and Roberto Scaramuzzino. 2022. "Distinctive Character and Added Value of Civil Society Organizations-A Collaborative Project within the Swedish Integration System." *Nordic Social Work Research* 14 (1) : 1–13. <https://doi.org/10.1080/2156857X.2022.2104348>.
- Maier, Florentine, Michael Meyer, and Martin Steinbereithner. 2016. "Nonprofit Organizations Becoming Business-Like: A Systematic Review." *Nonprofit and Voluntary Sector Quarterly* 45 (1): 64–86.
- Mannarini, Terri, Maura Pozzi, and Elena Marta. 2023. "The Perspective of Community Members in the Assessment of the Social Value Generated by Non-Profit and Voluntary Organizations." *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 35:1–12. <https://doi.org/10.1007/s11266-023-00596-6>.
- Mitchell, Emma, and Richard Walker. 2020. "Global Ageing: Successes, Challenges and Opportunities." *British Journal of Hospital Medicine* 81 (2): 1–9.
- Peda, Peeter, and Eija Vinnari. 2019. "The Discursive Legitimation of Profit in Public-Private Service Delivery." *Critical Perspectives on Accounting* 69:102088. <https://doi.org/10.1016/j.cpa.2019.06.002>.
- Phills, James A, Kriss Deiglmeier, and Dale T Miller. 2008. "Rediscovering social innovation." *Stanford Social Innovation Review* 6 (4): 34–43.
- Rawhouser, Hans, Michael Cummings, and Scott L Newbert. 2019. "Social Impact Measurement: Current Approaches and Future Directions for Social Entrepreneurship Research." *Entrepreneurship Theory and Practice* 43 (1): 82–115.
- Ryan, Patrick W, and Isaac Lyne. 2008. "Social Enterprise and the Measurement of Social Value: Methodological Issues with the Calculation and Application of the Social Return on Investment." *Education, Knowledge & Economy* 2 (3): 223–237.
- Salamon, Lester M, S Wojciech Sokolowski, and Megan A Haddock. 2017. *Explaining Civil Society Development: A Social Origins Approach*. Baltimore, Maryland, USA: JHU Press.
- Seelos, Christian, and Johanna Mair. 2020. "Social Innovation: Specifying Pathways for Impact." In *Research Handbook of Responsible Management*, edited by Roy Suddaby, Roy Suddaby and R. Edward Freeman. Oliver Laasch, 624–639. Cheltenham, UK, and Northampton, MA, USA: Edward Elgar Publishing.

- Sirris, Stephen. 2020. "Institutional complexity challenging values and identities in Scandinavian welfare organisations." In *Understanding Values Work: Institutional Perspectives in Organizations and Leadership*, edited by Harald Askeland, Gry Espedal, Jelstaad Løvaas and Sirris Beate, 57–77. Oslo, Norway: Palgrave Macmillan.
- Sivesind, Karl Henrik. 2017. "The Changing Roles of For-Profit and Nonprofit Welfare Provision in Norway, Sweden, and Denmark." *Promoting Active Citizenship: Markets and Choice in Scandinavian Welfare*: 33–74.
- Sivesind, Karl Henrik, and Jo Saglie. 2017. *Promoting Active Citizenship: Markets and Choice in Scandinavian Welfare*. Oslo, Norway: Springer Nature.
- Stortinget. 2018b, January 31. "Parliament Meeting." <https://www.stortinget.no/no/Saker-og-publikasjoner/Publikasjoner/Referater/Stortinget/2017-2018/refs-201718-01-31/?m=1>.
- Stortinget. 2020, January 29. "Parliament Meeting." <https://www.stortinget.no/no/Saker-og-publikasjoner/Publikasjoner/Referater/Stortinget/2019-2020/refs-201920-01-29?m=1>.
- Stortinget. 2018a, May 24. "Parliament Meeting." Accessed January 24, 2024. <https://www.stortinget.no/no/Saker-og-publikasjoner/Publikasjoner/Referater/Stortinget/2017-2018/refs-201718-05-24/?m=5#135926-1-4>.
- Stortinget. 2019, February 14. "Parliament Meeting." <https://www.stortinget.no/no/Saker-og-publikasjoner/Publikasjoner/Referater/Stortinget/2018-2019/refs-201819-02-14/?m=3>.
- Stortinget. 2019. "Parliament Meeting 6." November. <https://www.stortinget.no/no/Saker-og-publikasjoner/Publikasjoner/Referater/Stortinget/2019-2020/refs-201920-11-06?m=2>.
- Suchman, Mark C. 1995. "Managing Legitimacy: Strategic and Institutional Approaches." *Academy of Management Review* 20 (3): 571–610. <https://doi.org/10.2307/258788>.
- Toppe, Kjersti, and Siv Mossleth. 2020. "Parliamentary Representative Proposal 64 S (2019-2020)." <https://www.stortinget.no/no/Saker-og-publikasjoner/Publikasjoner/Representantforslag/2019-2020/dok8-201920-064s>.
- Vaara, Eero, Janne Tienari, and Juha Laurila. 2006. "Pulp and Paper Fiction: On the Discursive Legitimation of Global Industrial Restructuring." *Organization Studies* 27 (6): 789–813.
- Van der Have Robert P., and L. Rubalcaba. 2016. "Social Innovation Research: An Emerging Area of Innovation Studies?" *Research Policy* 45 (9): 1923–1935.
- Wæraas, Arild, Stephen Sirris, and Øystein Hellevik. 2024. "The Added Value of Civil Society Organizations in the Provision of Welfare State Services." *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 35:1–10. <https://doi.org/10.1007/s11266-024-00639-6>.
- Weber, Max. [1922] 1968. *Economy and Society: An Outline of Interpretive Sociology*. Vol. 2. Berkeley: University of California Press.