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Blurry boundaries:   
A longitudinal analysis of for-profits and non-profits mission statements

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# Abstract

Previous literature suggests that for-profits and non-profits have become increasingly aligned. These two developments are usually analyzed separately. We combine and integrate the evidence for both developments and examine the hypothesis of blurring boundaries between the first and third sectors simultaneously. We draw on a unique dataset, which allows to analyze the mission statements of (almost) the full population of Swiss forprofits and nonprofits over the last 20 years. Applying state-of-the-art natural language processing methods, we document increasing similarity between the two sectors. The similarity is caused by a strong trend towards increased social and ecological responsibility in for-profits, but not by marketization in non-profits’ mission statements. Nonprofits’ missions do not become more similar to forprofits, though, because the become less specific over the years. Additionally, we find that the increase in common-good-orientation among for-profits is heavily driven by sectors that were formerly organized publicly. Our results contributes new perspectives to the debate of blurry boundaries between the sectors.

# Keywords

Blurry boundaries, Isomorphism, CSR, NLP, Switzerland

# 1. Introduction

The emergence and increased popularity of concepts such as corporate social responsibility (CSR), social entrepreneurship or workplace charity exemplifies the trend towards social and ecological sustainability among corporations (Carroll, 2008; Gupta et al., 2020). In this process, for-profits increasingly adopt the language of non-profits, and relate their missions to the common good and moral values (Plummer et al., 2020). Non-profit organizations (NPOs), on the other hand, have been subjected to pressures for accountability, efficiency and professionalization – in short, to become more business-like (Hwang & Powell, 2009; Maier et al., 2016). Thus, the boundaries between two sectors that were once conceptualized as following distinct institutional logics have become blurry (Bromley & Meyer, 2017; De Bakker et al., 2013). These processes have been analysed so far mainly in single- or few-case studies, and within conceptional work (Bromley & Meyer, 2017; De Bakker et al., 2013; Hwang & Powell, 2009). Large-scale quantitative evidence, however, is relatively scarce (Latapí Agudelo et al., 2019; Maier et al., 2016).

To investigate the hypotheses of blurry boundaries from a new perspective, we make use of a longitudinal dataset covering all Swiss for-profits (~800.000) and most Swiss non-profits (~40.000) between 2003 and 2022. Information on the organizations was obtained through the publicly available Swiss registry of commerce. Most importantly, every organization publishes a written mission statement. This data source allows us to investigate whether (1) forprofits increasingly resemble nonprofits, and (2) nonprofits increasingly resemble forprofits based on their mission statements. To test the two hypotheses, we combine several natural language processing (NLP) techniques.

# 2. Literature review

## 2.1. Forprofits beyond a narrow profit logic

While during most of humanity’s history economic activity was embedded into social relations, profit generation became increasingly disconnected from social responsibility during the industrial revolution (Bromley & Meyer, 2017; Polanyi, 1944). Although the 19th century saw occasional entrepreneurs who cared for the social welfare of their workforce, this mainly took the form of paternalistic philanthropy and benevolence, and was not considered a responsibility (Carroll, 2008). The disconnection between economic activity for the sole generation of profit from social issues peaked after WWII with the theories of Nobel laureate Milton Friedman, who asserted that *“there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits.”* (Friedman, 1970)*.*

With the social movements of the 1960ies, and the evidence for human induced climate change thickening (Carlson, 1962; Meadows et al., 1972), the pressure on firms to adhere to environmental standards increased. Since the 1970ies, many regulatory and oversight bodies were established, culminating in the Millennium development goals and the Kyoto protocol. The tendency is also visible in the diffusion of concepts such as corporate social responsibility (CSR) (Carroll, 2008; Latapí Agudelo et al., 2019; McWilliams & Siegel, 2001), workplace charity (Barman, 2006), purpose driven management (Rey et al., 2019) or social entrepreneurship (Dart, 2004b; Gupta et al., 2020; Méndez-Picazo et al., 2021). In 2022, 96% of S&P 500 companies published CSR reports, compared to about 20% which did so in 2011.[[1]](#footnote-1) Regulation of environmental and social issues is also increasing in Europe, which is exemplified in the Green Taxonomy initiative or the Corporate Sustainability Reporting Directive (Alessi et al., 2021; Baumüller & Grbenic, 2021; Dziwok & Jäger, 2021).

Thus, every firm, or more broadly, every societal actor faces considerable pressure today to present itself as socially and environmentally responsible. The loss of legitimacy (Suchman, 1995) in case of non-adherence can be considerable (Lyon & Maxwell, 2011; Seele & Gatti, 2017). Organizational intuitionalism describes this form of pressure onto organizations as leading to *isomorphism* (Boxenbaum & Jonsson, 2017; DiMaggio & Powell, 1983; Meyer & Rowan, 1977): Additionally to competitive pressures on organizations which induce them to adopt ever more efficient solutions, there are expectations from society and other stakeholders regarding what constitutes legitimate behaviour. These expectations regarding legitimacy induces organizations to converge towards structures that are deemed as legitimate.

Regarding compliance with environmental and social business practices, there are pressures on companies at different levels (Boxenbaum & Jonsson, 2017; DiMaggio & Powell, 1983): On the one hand, companies are confronted with *normative isomorphism* - environmentally and socially responsible behaviour is the morally correct choice according to general public opinion. On the other hand, increasing regulation within public administration, but also in financial markets, creates incentives for compliance with environmental and social standards. This takes the form, for example, of punitive interest rates on loans for "unsustainable" investments or exclusion from doing business with governments. The pressure exerted thereby is referred to as *coercive isomorphism*. Finally, sustainability expectations also come from employees and professional networks (*mimetic isomorphism*). As sustainability is increasingly part of educational curricula, professionals prefer companies with a good sustainability record. In addition, norms about what constitutes sustainability spread through professional networks.

The pressures toward social and environmental responsibility sediment not only in CSR reports and initiatives for waste recycling of employees, but also changes the mission of organizations. As a recent study documents (Plummer et al., 2020), for-profits have become hard to discern from non-profits based on the language deployed in mission statements.

## 2.2 Nonprofit organizations becoming business-like

Simultaneously to for-profits adopting social and environmental goals, non-profit organizations (NPOs) adopt practises and norms from the for-profit world. NPOs have been increasingly setting up business-plans (Hvenmark, 2013), hiring paid professionals instead of volunteers (Andreassen et al., 2014; Lundström, 2001), and use business like rhetoric around efficiency, clients and accountability (Dart, 2004a; Kreutzer & Jäger, 2011).

The reasons for NPOs to more and more resemble for-profits are manifold (Maier et al., 2016): The strengthening of neo-liberal ideology in the 1980ies, with the accompanying reforms of public administration under the umbrella term ‘new public management’, have been identified as one factor driving this process (Smith, 2014). During this period, the pressure to quantify outcome grew strongly. Public administration as well as NPOs were increasingly scrutinized for their efficiency in terms of quantitatively measurable targets (Alexander, 2000; Liebschutz, 1992).

It has been hypothesized that the cut-backs in public spending in many areas from the 1980ies onwards led to declining public funding for NPOs, inducing NPOs to substitute the foregone income through commercial revenues (Guo, 2006). Indeed, NPOs have been observed to rely to a growing extent on income from the sale of goods and services (Suykens & Verschuere, 2021). However, larger-n studies find no evidence of a substitution of income from public sources with revenues from commercial activities, but on the contrary a positive correlation between the two income streams (Kerlin & Pollak, 2011). Thus, it seems not to be cutbacks in other funding sources that drive NPOs commercialization, but rather a general ideological trend that favours market-based solutions to social problems, as also exemplified in the increasing popularity of the “social entrepreneurship” –concept (Dart, 2004b; Gupta et al., 2020; Willems et al., 2017).

The changes induced by new public management also lead to public services being increasingly outsourced to for- as well as non-profit providers (Klijn & Koppenjan, 2015). The resulting public-private partnerships lead to more cooperation between the sectors, which consequently increased the need to adopt to the other parties internal logics, values and communication practises (Le Ber & Branzei, 2010). Through this process, NPOs became more bureaucratic (Lipsky & Smith, 1993; Martens, 2006).

Additionally, a tendency for NPOs to rely increasingly on paid professionals instead on volunteers has been documented (Andreassen et al., 2014; Lundström, 2001). Through the hiring of paid workforce instead of reliance of volunteer labour, market relationships automatically undermine the traditional logic of the non-profit-sector. Hwang & Powell (2009) argue that a trend towards professionalization is visible in all western societies, which they attribute to rising levels of education over the last decades. A new class of managerial professionals emerges, who have the knowledge on how to govern NPOs “correctly”, i.e. according to the newest trends in management science.

The changing nature of the non-profit sector, too, has been interpreted through the lens of organizational institutionalism (Amirkhanyan et al., 2009; Bicho et al., 2019; Dart, 2004b; Hwang & Powell, 2009). In general, efficiency is hard to measure in most NPOs, as social and ecological benefits are not easily translated into monetary benefits, neither for the beneficiaries nor for society as whole. Hence, gaining legitimacy by mimicking already well-established processes and organizations is all the more important for NPOs, in comparison to for-profits.

## 2.3 Rationalization and actorhood

Whereas most studies investigate the sustainability trend in the for-profit world and the professionalization of non-profits separately, some authors suggest that both are fuelled by the connected underlying mechanisms of scientific rationalization and actorhood (Bromley & Meyer, 2017; Drori et al., 2009). The trend towards rationalization is based on the premise that humans can control their environment, by managing it based on science-like principles. The increasing focus on actorhood originates in the assumption that individuals are social actors endowed with universal human rights, and also blessed with unique capacities. Both developments originate in enlightenment thinking, “man's exit from his self-inflicted immaturity” through the application of critical rational reasoning (Kant, 1784).

Bromley & Meyer (2017) document that innovations in the non-profit sphere which are commonly interpreted as NPOs becoming more business-like actually originate in other spheres of society: Strategic plans, for example, were first developed within the military apparatus (O’Donovan & Flower, 2013), codes of conduct in the field of medicine (Bromley & Meyer, 2017, p. 946). The increasing social responsibility of firms, as well as the de-centralization of national government apparatuses (Klijn & Koppenjan, 2015), they argue, is fuelled by the increasing empowerment of individuals, pressing for their rights.

To summarize: Based on the literature on for-profit companies taking on more social and environmental responsibility (Barman, 2006; Carroll, 2008; Gupta et al., 2020), we expect the mission statement of for-profit companies to increasingly include references to the common good (e.g., ecological, sustainable, inclusive) and morality. This will make the mission statement of for-profits more similar to that of non-profits, which have always focused on social and environmental responsibility:

Hypothesis 1a: Forprofits increasingly resemble nonprofits.

At the same time, we expect that non-profits will increasingly use a language to signal accountability and efficiency. In this process, non-profits will increasingly resemble the mission statements of for-profits:

Hypothesis 2a: Nonprofits increasingly resemble forprofits.

Overall, then, we expect to see isomorphism between for-profits and non-profits, both moving toward a common center characterized by many references to scientific rationality, morality and the common good.

# 3. Data

Our data consists of organizations that were registered in the Swiss Trade Register at any time between 2003 to 2022. Thus, the data covers the population of (almost) all private organizations in Switzerland that existed under the period of observation. For all these organizations, we collected the mission statement, the legal form, and the date the organization was founded and deleted (if applicable). Each organization that is listed in the Swiss trade register must provide all of this data (which we then scraped from the web). The mission statements are often directly ported from the statutes of an organization. One of the strengths of using these mission statements is that there is a legal basis for how these statements have to be written. Namely, article 118 of the “Handelsregisterverordnung” specifies that:

1. Legal entities must describe their purpose in such a way that their field of activity is clear to third parties.
2. For the purpose of registration, the Commercial Register Office shall take the description of the purpose of the legal entity unchanged from the articles of association or the foundation deed (Schweizerische Eidgenossenschaft 2007:64).

Thus, the mission statements have to reflect the field of activity of an organization in a legally binding way. This should eliminate or at least greatly reduce cheap talk. To ensure that the mission of an organization is clear to third parties, the mission statement must have a certain degree of definiteness and overly general descriptions (e.g. "provision of services of all kinds" or "manufacture of goods of all kinds") are to be avoided (<https://www.zh.ch/de/wirtschaft-arbeit/handelsregister/eintragungsverfahren-handelsregister.html>).

For five of the seven legal forms we consider in our data, registration in the Swiss trade register is mandatory. For Sole proprietorships, it becomes mandatory once their annual turnover exceeds CHF 100,000 and associations only need to be registered if they operate a business conducted in a commercial manner[[2]](#footnote-2). Thus, while an association can be used to conduct business in a commercial manner, “according to the Swiss Civil Code, its business purpose must not be for profit”[[3]](#footnote-3). Foundations do not share this constraint, although they are in practice often run as nonprofit organizations. And since foundations allow assets to be used for a specific purpose, “they are not an ideal legal form for a company”[[4]](#footnote-4). We expect cooperatives to be between more traditional nonprofit legal forms such as associations and foundations and for-profit oriented legal forms, since a cooperative “primarily aims to promote or safeguard the economic interests of the cooperative’s members by way of collective self-help or which is founded for charitable purposes” (Art. 828, Federal Act on the Amendment of the Swiss Civil Code). The other four legal forms (see table 1) are typically run as for-profit organizations. While it is in principle possible to run these organizations as nonprofits, this almost never happens.

In July 2022, we downloaded data on all organizations that were registered in the Swiss trade register at any time since 2003. Our sample consists of 842,993 unique organizations and 967,089 organization-mission statement combinations. There are more mission statements than organizations because organizations can change their mission statement. 14.7% of all organizations changed their mission statement once. We excluded organizations that changed their mission statement more than once because we were not able to recover the date of the mission changes for these organizations.

Table 1 lists the number of unique organizations and the number of organization-mission statement combinations per legal form. Organizations with legal forms that were typically associated with the third sector only account for about 5% of the data. Because most modern natural language processing methods are English centered and because Switzerland has multiple national languages, we translated all mission statements to English. Before translation, 85.1% of the purpose statements were written in German, 8% in Italian, 6.4% in French and 0.5% in English. Neural machine translation (with the easynmt python package and the M2 M-100 model developed by Fan et al. (2020)) was used to translate the mission statements to English.

Figure 1 plots the number of words per mission statement by sector. One can see that a lot of mission statements from private sector organizations contain only a few words. This can be explained by the fact that one does not need a lot of words to make the purpose of running a restaurant clear to third parties. The mission statements tended to get longer over time (Figure 2).

To ensure that our results are not merely driven by the different lengths of the texts, we re-did all analyses with a dataset in which short mission statements (<25 words) were excluded. All trends reported further below are robust to this limitation.

Figure 1 Histogram of the length of the mission statements.



Figure 2 Average words per mission statement over time by sector.



Figure 3 Percentage of organizations that were deleted, founded, or changed their mission per year and sector.



Table 1 Sample description by legal form.

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# 4. Method

When working with textual data, we need a way to translate the text into numbers that then form the basis for our analysis. To do this, we used sentence transformers, a state-of-the-art NLP technique based on the Transformer architecture (Vaswani et al., 2017). Sentence transformers are pretrained models that encode the semantic meaning of text into fixed-length continuous vector representations, which are often called embeddings. We used the “all-mpnet-base-v1”[[5]](#footnote-5) model because this model is over fifty times faster than the top performing model, while the performance of this model in computing sentence embeddings is almost as good as the best performing model (1.3% difference). For each mission statement, this model produces a 768-dimensional document embedding that encodes the semantic meaning of the document. To measure the similarity between the mission statements, we follow the literature and use the cosine similarity. This metric measures the cosine of the angle between two vectors (i.e., document embeddings) and is defined as follows:

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Automatisch generierte Beschreibung

To measure the similarity between organizations, we calculated to cosine similarity of each organization’s mission statement to all other organizations' mission statements. For each mission statement, we therefore obtained N-1 cosine similarities. The measure the similarity of a given organization’s mission statement to either all other non-profit- or for-profit-organizations, we then average over all the cosine similarities that relate to the given reference group (i.e., non-profits or for-profits). This gives us the average cosine similarity of this non-profit organization’s mission statement to all other for-profit-organization’s mission statements.

This method of measuring the convergence between nonprofit and forprofit organizations does not take the organization’s field of activity into account. A change in the similarity of third sector organizations to private sector organizations could be caused by an increase in third sector organizations that are active in fields of activities that are similar to those of private sector organizations. To control for this, we need to control for the area of activity when measuring the increase in similarity over time. If we still see an increase in similarity when controlling for the field of activity, we can rule out that this is caused by a change in the composition of the field of activities of third sector organizations. We use an unsupervised machine learning method called topic models to control for an organization’s field of activity.

Topic models can be used to discover common themes (i.e., topics) within a collection of documents. Latent Dirichlet Allocation (LDA) is a widely used method for implementing topic modelling (Blei et al., 2003). LDA models documents as a combination of topics. Topics are collections of words that are represented as (topic-specific) probability distributions. Topics can be interpreted by looking at the words that have the highest probability of occurring in a given topic. We use the implementation provided by the STM R package to fit the topic models and used the method developed by Mimno & Lee (2014) to decide on the number of topics per topic model.

To probe why a potential increase in similarity occurred, we conduct three theory-driven and one exploratory analysis. The first analysis is based on the literature that speaks of and documents the marketization of nonprofit organizations. Given the legal basis of the mission statements, if such a marketization indeed took place in our sample, this should also be reflected in the mission statements. To measure the market-orientation of the mission statements, we use a supervised machine learning algorithm that measures corporate culture from text documents. When developing this machine learning algorithm, Koch & Pasch (2022) adopted the definition of corporate culture proposed by O’Reilly & Chatman (1996, p. 160), which defined corporate culture as “a system of shared values (that define what is important) and norms that define appropriate attitudes and behaviors for organizational members (how to feel and behave).” To operationalize corporate culture, Koch and Pasch (2022) made use of the the competing values framework (CVF; Quinn & Rohrbaugh, 1983), one of the most widely used frameworks for measuring corporate culture. This framework consists of four cultural types: clan (collaborate), adhocracy (create), hierarchy (control), and market (compete). Each culture type is associated with certain values and effectiveness criteria. Competition and achievement are values that are associated with market culture, and increased market share, profit, and productivity are its effectiveness criteria (Koch & Pasch, 2022). This measure is thus well-suited to test whether nonprofit organizations became increasingly market-oriented over time. The model that we used to measure the market-orientation of the mission statements is based on the transformer architecture and outperforms existing (mostly dictionary based) methods by 16 to 28 percent (Koch & Pasch, 2022).

To test whether the pressure that organizations face to present themselves as socially and environmentally responsible can potentially explain an increase in the similarity of the two sectors, we analyzed how the mission statements relate to 1) moral values and 2) the Sustainable Development Goals (SDGs). To test how the mission statements relate to moral values, we use the extended moral foundations dictionary (eMFD) (Hopp et al., 2020). Moral Foundations Theory (MFT; Graham et al., 2009, 2011) was used to guide the development of the eMFD. This theory asserts the presence of five inherent, global moral foundations that are shared by individuals from various cultures and societies. The five moral foundations are: “Care/harm (involving intuitions of sympathy, compassion, and nurturance), Fairness/cheating (including notions of rights and justice), Loyalty/betrayal (supporting moral obligations of patriotism and “us versus them” thinking), Authority/subversion (including concerns about traditions and maintaining social order), and Sanctity/degradation (including moral disgust and spiritual concerns related to the body)” (Hopp et al., 2020, p. y). In contrast to older methods, construction of the eMFD relied on text annotations generated by a large sample of human coders, which allows for more fine-grained measurements.

To test how the mission statements relate to the Sustainable Development Goals (SDGs), we use the text2sdg R package (Meier et al., 2021) that was developed to detect SDGs in texts. The text2sdg R package implements several query-based systems that allow to detect SDGs in text. Some of these systems are simpler, dictionary based systems that map single words to a given SDG, while others are more complicated and rely e.g., on combinations of words (i.e., queries). Wulff et al., (2023) evaluated the accuracy of these query systems and developed a state-of-the-art ensemble model that is based on the predictions of the individual models but significantly outperforms every single model. Because the ensemble model was also trained on synthetic non-SDG-related data, it has a significantly lower false-positive rate than any of the individual systems. The ensemble model also uses the length of the input text as a predictor to take into account that longer texts might (erroneously) generate more hits. This is crucial for our setting since the mission statements got longer over time. We use the ensemble model that was trained on an equal amount of SDG- and non-SDG-related data because this model showed the best performance in the validation of Wulff et al., (2023).

# 5. Results

## 5.1 Evolution of the similarity of mission statements

Figure 4 plots the evolution of the similarity of third sector organizations to private sector organizations (left) and of organizations with a given legal form to other organizations with the same legal form (right). Third sector organizations became significantly more similar to private sector organizations over the last 20 years, corroborating hypotheses 1 and 2. Unsurprisingly, cooperatives are most similar to private sector organizations, while associations and foundations are similar in their similarity to private sector organizations. As shown in table 2, the increase in similarity is substantial, ranging from 10% for foundations to almost 19% for cooperatives. Interestingly, and in line with the original formulation of isomorphism within organizational fields (DiMaggio & Powell, 1983), there was also a substantial increase in similarity between mission statements from organizations with the same legal form.

Figure 4 Mean cosine similarity to private sector organizations (left) and to organizations with the same legal form (right).

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Table 2 Relative increase in similarity by legal form.

|  |  |  |
| --- | --- | --- |
|  | Similarity to private sector | Similarity to organizations with the same legal form |
|  | Percentage increase 2003-2022 | |
| Cooperatives | 18.8% | 19.9% |
| Associations | 11.6% | 14.2% |
| Foundations | 10.0% | 4.0% |

The increase in similarity between the two sectors begs the question of whether third sector organizations became more similar to private sector organizations or vice versa. To answer this question, we redid the analysis shown in Figure 4 (left), but this time calculated the similarity of third sector organizations to private sector organizations active between 2003 and 2006 and vice versa for private sector organizations. Since this fixes the variation in mission statements in one sector, any increase or decrease in similarity has to result from changes in the mission statements from the other sector. The results of this analysis, shown in Figure 5, suggest that the increase in similarity between mission statements from the third- and private sector is mainly driven by private sector organizations mission statements becoming more similar to third sector organizations’ mission statements.

Figure 5 A: Similarity of nonprofits to for-profits active between 2003 and 2006. B: Similarity of for-profits to non-profits active between 2003 and 2006.



## 5.2 Market orientation

In line with the literature on the marketization of nonprofit organizations, it could be that the mission statements of nonprofit- and for-profit organizations became more similar over time because nonprofit organizations increasingly turned to the market. To test this, we measured the market-orientation of the mission statements based on the model developed by Koch and Pasch (2022). Figure 6 plots the market-orientation score of associations, foundations, cooperatives, and private sector organizations. The results look face-valid, as private sector organizations have the highest market orientation, followed by cooperatives, associations, and foundations. In line with the marketization hypothesis, the market orientation of foundations increased by 25.6%. However, the market orientation of associations and cooperatives declined over time (-26.5% and -19.7% respectively), contradicting the marketization hypothesis. The market orientation of private sector organizations also increased over time (+17.2%).

Figure 6 Market orientation score over time by legal form.



## 5.3 Moral Values

The literature suggests that for-profit organizations increasingly adopt social business practices (Gupta et al., 2020). If this is the case for our sample, this should be reflected in the moral values that the mission statements relate to. All else equal, we would expect the mission statement of an organization that follows social business practices to be more related to moral language than one that does not. Figure 7A shows that the care and fairness foundations (related to universal human values) show the strongest convergence between nonprofits and for-profits over time. The gap also narrowed for the sanctity foundation, which mostly references instances of ecological purity. Unsurprisingly, the mission statements of nonprofits on average score higher on each moral foundation. Figure 7B shows the same analysis as in Figure 9A but split up by legal form. This figure reveals that the convergence in the care and fairness moral foundations is primarily driven by foundations, which show a strong decline in these two moral foundations over time. Interestingly, foundations were also the only third-sector organizations that showed an increase in market orientation (Fig. 7). It might be that the increased marketization of foundations crowded out the care- and fairness values of these organizations.

Figure 7 Probability that a word relates to a given moral foundation by sector (A) and legal form (B).



## 5.4 Sustainability

The increase in similarity between nonprofits and for-profits could also stem from the pressure that organizations face to align their activities with the Sustainable Development Goals (SDGs). Figure 8 shows the percentage of mission statements by A) sector and B) legal form that relate to a given SDG over time. Before interpreting the trends, it is worthwhile to note that on average, a larger share of the mission statements of nonprofit organizations is related to the SDGs for all SDGs but SDG-9 (industry, innovation and infrastructure) and SDG-12 (responsible consumption and production). The mission statements of for-profits show a pronounced increase in their relatedness to SDG-12 (responsible consumption and production). This is in line with the notion that for-profits are increasingly under pressure to align their business practices with sustainability standards. SDG-8 (decent work and economic growth) shows the strongest convergence between nonprofits and for-profits, with nonprofits showing a declining trend in contrast to for-profits, whose mission statements became increasingly related to this SDG over time. Figure 10B shows that this convergence is driven by foundations, whose relatedness to this SDG decreased over time in contrast to the other legal forms whose relatedness to this SDG increased over time.

Overall, for-profits showed the strongest relative increase in SDG-1 (No Poverty) and SDG-10 (Reduce inequality within and among countries). The relative increase in these SDGs is stronger for for-profits than for nonprofits. For-profits also showed a stronger relative increase in SDG-3 (Good Health and Well-being) and SDG-4 (Quality Education). For all other SDGs, the relative increase is generally more pronounced for nonprofits than for for-profits.

Figure 8 Percentage of mission statements that relate to a given SDG by sector (A) and legal form (B).



## 5.5 Exploratory Analysis

We have so far conducted three theory driven analyses that tested channels that could be responsible for the increased similarity between nonprofits and for-profits. In this last set of analyses, we leverage unsupervised machine learning to potentially reveal patterns that we might have missed. In contrast to supervised methods, unsupervised methods learn patterns from the data itself and do not rely on previously labeled data or previously trained models. We use topic models to reveal which groups of nonprofit organizations became most/least similar to for-profit organizations. Figure 9 shows which topics (i.e., field of activities) became most/least similar to for-profit organizations over time. For each topic the figure also shows the most prototypical words of the topic. The colors of the bar represent how similar organizations that belong to a given topic were to for-profits for the first time period (2003-2006). Looking at what topics that became most similar to for-profits have in common could reveal something about the drivers of this increased similarity.

While most of the topics seem to capture specific fields of activities, some topics are described by words that are not related to a specific field of activity. This is especially the case for topics that saw a large increase in similarity to for-profit organizations. The highest probability words of these topics are rather broad words such as “particip”, “establish”, “abroad”, “finance”, “econom”, “join” etc. This also holds, although to a lesser extent, when we redo this analysis separately for each legal form (figure 10). This is telling because it reveals that the increase in similarity might partly be driven by words that are not primarily mission related. Rather, these words are used to broaden the field of activity an organization can be active in. An example of a mission statement that nicely captures this “broadening” of the mission is the following:

“*The association aims at training persons in the field of care for healthy aging as well as providing consulting, coordination and service services in this area. The association may participate in other enterprises at home and abroad, acquire or resell land, as well as enter into all transactions and conclude contracts that are suitable to promote the purpose of the association, or that are directly or indirectly related to it.”*

Only the first part of this mission statement is directly related to the main mission of the organization, while the second part serves to broaden the scope of the main mission but is not directly related to it. The result that topics that have a high probability of containing these words became most similar to for-profits suggests that such “mission broadening” words are (partly) responsible for the increase in similarity between nonprofit and for-profit organizations’ mission statements.

Figure 9 Increase in the similarity of mission statement topics to private sector organizations over time. The x-axis represents the magnitude of the increase over time while the color represents the mean similarity for the first time period (2003-2006). For each topic, the seven words that have the highest probability of occurring in the topic are plotted to make the topics interpretable.



Figure 10 Increase in the similarity of mission statement topics to private sector organizations over time. The x-axis represents the magnitude of the increase over time while the color represents the mean similarity for the first time period (2003-2006). For each topic, the seven words that have the highest probability of occurring in the topic are plotted to make the topics interpretable. A separate topic model was fitted for each legal form. Figure 9 Increase in the similarity of mission statement topics to private sector organizations over time. The x-axis represents the magnitude of the increase over time while the color represents the mean similarity for the first time period (2003-2006). For each topic, the seven words that have the highest probability of occurring in the topic are plotted to make the topics interpretable.



Figure 11, which plots the topic prevalence of the five topics in figure 9 that became most similar to for-profits, shows that this “mission broadening” became increasingly prevalent over time.

Figure 11 Evolution of the topic prevalence of the five topics in figure 11 that became most similar to for-profits along with the mean topic prevalence for all topics. Figure 10 Increase in the similarity of mission statement topics to private sector organizations over time. The x-axis represents the magnitude of the increase over time while the color represents the mean similarity for the first time period (2003-2006). For each topic, the seven words that have the highest probability of occurring in the topic are plotted to make the topics interpretable. A separate topic model was fitted for each legal form. Figure 9 Increase in the similarity of mission statement topics to private sector organizations over time. The x-axis represents the magnitude of the increase over time while the color represents the mean similarity for the first time period (2003-2006). For each topic, the seven words that have the highest probability of occurring in the topic are plotted to make the topics interpretable.



# 6. Discussion

Based on our analyses of mission statements, we find, as expected, signs of convergence between the forprofit- and nonprofit sector. However, the assimilation does not seem to be symmetrical. Rather, the result is driven by forprofits becoming more nonprofit-like, by adopting a language in their mission statements that is increasingly related to the common good. Nonprofits, on the other hand, do not change their mission statements in a way as to become more similar to forprofits. Nonprofits mission statements in 2022 do not contain more references to the market logic than they did in 2003. Thus, we find strong evidence for hypothesis 1 (*Forprofits increasingly resemble nonprofits*), but no evidence for hypthesis 2 in the mission statements (*Nonprofits increasingly resemble forprofits*).

It could be argued that only the language used by forprofits change, while actually continuing with business as usual. This phenomenon is referred to as *decoupling* or *greenwashing* (Boxenbaum & Jonsson, 2017; Bromley & Powell, 2012; Gatti et al., 2019). However, often what starts as decoupling couples in the long run, as mere outside rituals are unlikely to pertain for a long time within organizations (Edelman, 1992; Haack et al., 2012).

We suspect that the lack of evidence regarding increased market-orientation of the nonprofit sector might be due to the nature of our data, i.e., mission statements. The well-documented changes in the nonprofit sector take the form of increased reliance on full-time professionals instead of volunteers, on income from commercial revenues, on managerialist practices to ensure efficient and transparent allocation of resources (Andreassen et al., 2014; Dart, 2004a; Hvenmark, 2013; Hwang & Powell, 2009; Maier et al., 2016; Suykens & Verschuere, 2021) – factors which probably do not manifest in the mission statements, as they do not concern the goals of the nonprofits, but rather the strategies by which these goals are to be achieved. Nevertheless, the failure to find evidence for hypothesis 2 is a sign that the professionalization and marketization of the sector does not induce outward mission drift (Ebrahim et al., 2014; Jones, 2007). Hence, although the strategies might change, the missions targeted by the nonprofit sector as a whole seem not to be affected by external pressures for efficiency and accountability.

Although we do not find evidence for mission drift, we find evidence for mission broadening: Nonprofits missions become broader, with the possibility to enter into endeavours not related to an NPOs core mission. Baek et al. (n.d.) implied that mission broadening – which is associated with higher resilience and increased performance in for-profits – can has adverse effects on non-profits, based on a sample of 100 US based NPOs. A study with 63,000 Canadian NPOs documents negative effects of broad, general missions on NPOs, controlling for dynamic and complex environments (Mmbaga et al., 2022).

A closer look at how forprofits' missions are changing to make more reference to the common good reveals the limits of corporate social and environmental responsibility. First, forprofits' missions increasingly relate to the value of care and the SDG for health and well-being. This exemplifies the privatization and commercialization of health and care services. The health and care sector has traditionally been managed by public agencies and nonprofits, and its privatization has been the subject of much criticism (Jost, 2007; Smith & Lipsky, 1992; Uplekar, 2000).

Beyond health and care, forprofits mission statements show increasing references to the SDGs for decent work and economic growth as well as responsible consumption and production. Both SDGs are associated with the paradigm of solving environmental issues by technological modernization, and not fundamentally questioning patterns of consumption and the growth paradigm (Giovannoni & Fabietti, 2013). This limited perception of social and ecological sustainability is most likely not sufficient to avoid the climate collapse (Blühdorn, 2020; Brand, 2018).

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