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From Mission to Market: Assessing Sector Overlap Between Nonprofits and For-Profits

Dominik S. Meier – Center for Philanthropy Studies, University of Basel, Switzerland; The Gradel Institute of Charity, New College, University of Oxford, UK | Georg von Schnurbein – Center for Philanthropy Studies, University of Basel, Switzerland

There is an ongoing debate as to whether and to what extent the third sector differs from the for-profit sector. There may be an eroding and blurring of sector boundaries as organizations from one sector adopt the practices typically associated with another sector. This debate around blurring may in part relate to evidence of marketization in the third sector.

In the third sector, this is driven in part by the rhetoric, organization, and goals of nonprofit organizations (NPOs) becoming business-like, whilst in the for-profit sector it is driven by companies increasingly caring about their societal impact such as the triple bottom line or corporate social responsibility.

This study contributes to the literature by being the first to use mission statements from both the nonprofit organizations (NPOs) and for-profit organizations (FPOs) to quantify how distinct the two sectors are.

[#nonprofitorganizations](#) [#marketization](#) [#hybridity](#) [#NLP](#) [#machinelearning](#)

Background & Context



- **Research Question 1:** How similar/distinct is the mission language of NPOs and FPOs?
- **Research Question 2:** How does hybridity (i.e., similarity to the for-profit sector) relate to the expressive and instrumental functions of NPOs?
- **Research Question 3:** What linguistic attributes make the two sectors more/less similar?
- This research analyses mission statements from the nonprofit and for-profit sectors to examine their distinctiveness and potential overlap and blurring. It does so by analysing the extent to which mission statements from NPOs and FPOs are similar or distinct.
- Mission statements were analysed from over 600,000 Swiss NPOs and FPOs.
- The study analysed how expressive and instrumental functions relate to the similarity to the for-profit sector.

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Take aways & Learnings



- The study revealed that the **third sector forms a distinct cluster from the for-profit sector** but that there is also some **overlap between the sectors and blurring boundaries**. Although sectors are not becoming indistinguishable, their distinctiveness may be at risk as FPOs become more expressive.
- The similarity is driven by the **marketization of the nonprofit sector**, with findings suggesting a negative correlation between marketization (i.e., similarity to for-profits) and the expressive functions of nonprofit organizations.
- These results revealed that **NPOs' mission statements are substantially more expressive than FPOs' mission statements**, but only slightly less instrumental.
- The third sector emerges as a **distinct cluster** when clustering the mission statements.
- Mission statements can be classified as belonging to the third or for-profit sector with very high accuracy, emphasising this distinctiveness.
- Predicting the sector membership based on how **expressive and instrumental** a mission statement also resulted in high accuracy, confirming the importance of these two functions in distinguishing the third sector from FPOs.
- Practitioners should focus more on legal aspects than expressive/instrumental functions when deciding on a legal form.
- Practitioners should be aware that a **focus on instrumental functions tends to be associated with a decrease in the expressive functions of an organization**.

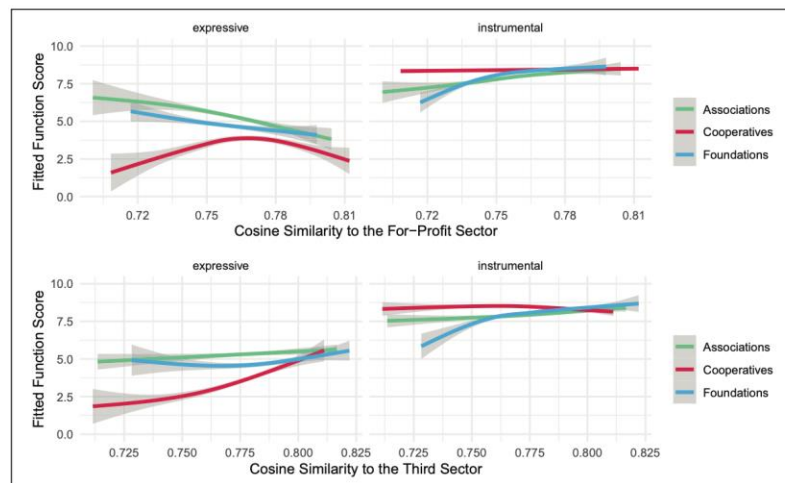


Figure 3. Association Between Expressive and Instrumental Functions and the Similarity to the For-Profit (Top) and Third (Bottom) Sectors by Legal Form.

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