

**A Systematic Literature Review of the Use of Voluntary Failure Theory:
Towards a Future Research Agenda**

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Abstract: Despite voluntary failure theory (VFT)'s foundational role in public and nonprofit management scholarship, we do not know how it is used and evaluated. Our systematic literature review finds that scholars' use of VFT centers on descriptive purposes, rather than providing theoretical propositions regarding the causes and consequences of government support to nonprofit organizations. The assessment of voluntary failure has also gone beyond the four types articulated by Salamon (1987). We conclude by proposing a future research agenda centered on elucidating the testable hypotheses, articulating the level of analysis, and orienting voluntary failure creating a broad set of public values.

The partnership between the government and the nonprofit sector has been overlooked, in my view, not because of its novelty or because of a lack of research but because of a weakness in theory. It is the role of theory, after all, to direct attention to the facts that are most relevant to a particular process.

(Salamon, 1987, p. 32)

Over the last three decades, voluntary failure theory (VFT) has become one of the most widely used theories in explaining the development of the nonprofit sector and the patterns of government-nonprofit interactions in public service provision (Ma & Konrath, 2018; Salamon & Toepler, 2015). It brings those extended government nonprofit partnerships, or more accurately contracting relationships, to light and moves the study of nonprofit organizations to the center stage of public management and public policy research. According to a recent study on the formation of the academic field of nonprofit studies, VFT was developed during a critical time of paradigm-building period for nonprofit studies (Ma & Konrath, 2018).

While VFT has attracted significant scholarly attention and inspired many empirical studies, scholars have raised various critiques on this theory. For example, Wolpert (2003) argues that voluntary failure does not have clear testable hypotheses. It is also unclear under what conditions voluntary failures are true failures or strengths of the nonprofit sector. Taking advantage of more than three decades of empirical studies based on VFT, we conducted a systematic literature review to shed light on the following research questions: how is VFT operationalized in existing empirical studies? What forms of voluntary failure are most examined? Besides the four types of

voluntary failures articulated by Salamon (1987), what are other forms of voluntary failures discussed by the existing literature?

This interdisciplinary review of VFT focuses on the population of journal articles, dissertations, books, and book chapters from 1987 to 2022 that examined voluntary failures. We divided the literature into two major categories: 1) studies that employed VFT in their empirical analysis, and 2) studies that researched voluntary failure but did not utilize VFT. We collected the literature by searching a deliberately selected list of keywords in Web of Science, Scopus, Business Source Premier, and ProQuest and searching all scholarly publications that cited Salamon (1987) or Salamon (1995). We then coded these scholarly publications based on their measurements of voluntary failure(s), testable hypotheses generated, types of research questions answered, types of voluntary failure discussed, and their overall assessment of the validity of the theory. This study is an important synthesis to further our understanding of VFT and various patterns of government-nonprofit relations.

Voluntary Failure Theory and Its Key Assumptions

The origin of VFT came from scholars' dissatisfaction with the other two failure theories that dominated the study of nonprofit organizations: government failure theory and market failure theory. Based on the main arguments of market and government failure theories, the nonprofit sector exists to provide services that are not provided by the government or for-profit organizations. In other words, the nonprofit sector provides services that are neither private goods for which for-profit organizations would supply nor public goods for which the government is equipped to supply. They provide collective goods that only a part of the

community wants (Salamon, 1987). Based on these arguments, we should observe that the nonprofit sector is larger and more active in areas where the government or for-profit organizations are less involved. However, Salamon (1987) found an extensive overlap between the government and the nonprofit sectors, often in the form of nonprofits providing public dollar-funded services.

Following this critical observation, Salamon (1987) came up with VFT to explain this widely overlooked phenomenon of government-nonprofit collaboration in public service provision. According to market and government failure theories, the nonprofit sector serves as a gap filler when the government and market sectors fail. Salamon (1987) turns the sequence around and argues that the nonprofit sector is often first to provide collective goods because of the lower transaction costs for organizing and mobilizing resources. However, due to multiple types of voluntary failures, namely philanthropic insufficiency, philanthropic particularism, philanthropic paternalism, and philanthropic amateurism, the nonprofit sector cannot effectively provide those services on its own. The government sector, with its “revenue-generating and democratic priority-setting advantages” (Salamon, 1987, p.43), helps remedy these voluntary failures by providing funding and engaging in contracting relationships with nonprofits.

Based on this brief review, there are several key assumptions of VFT. First, VFT is built on the concept of voluntary failure: “The voluntary sector has a number of inherent weaknesses as a mechanism for responding to the human service needs of an advanced industrial society.” (Salamon, 1987, p.42). In other words, there are sector-level limitations due to how nonprofit organizations are fundamentally organized, staffed, and financed. While many scholars and

practitioners advocate for capacity building to increase the effectiveness of the nonprofit sector, for example Light (2004), voluntary failure posits that these inherent limitations are not likely to be solved by sector or organizational-level interventions alone (Salamon, 2003). Rather, an extensive partnership between the government and nonprofit sectors is needed to complement each sector's strengths and weaknesses. Because of VFT's focus on explaining the extensive partnership between the government and nonprofit sectors in service delivery, there is little discussion about the relationship between the nonprofit sector and the for-profit sector (Anheier, 2014) or blurring boundaries (Musolf & Seidman, 1980) in Salamon's original theoretical contemplation. For example, social enterprises (Dart, 2004) that blur boundaries between the nonprofit and for-profit sectors were not considered in Salamon's original discussion.

The second major assumption of VFT centers around its focus on social and human services in advanced industrial and democratic societies. Salamon (1987, p.42) explicitly states that those inherent limitations of the nonprofit sector exist when "responding to the human service needs of an advanced industrial society". (Salamon, 1987, p.43) further argues that "what nonprofit federalism offers is the opportunity to combine the service-delivery advantages of voluntary organizations with the revenue-generating and democratic priority-setting advantages of government." Therefore, voluntary failure can only be fixed by the government sector that has enough resources for service provision and a functional democratic decision-making process. In situations where the capacity of the government sector is weaker or nonprofits mainly play an advocacy role, VFT may not apply (Cheng, 2019a; Cheng et al., 2023; Reckhow et al., 2020).

The final assumption of VFT rests on its assertion that the voluntary sector often serves as the first and principal mechanism for providing collective goods due to its lower transaction cost for organizing. However, because of the nonprofit sector's inherent limitations as described in the first assumption, "extensive collaboration between government and nonprofit sector emerges not as an unwarranted aberration, but as a logical and theoretically sensible compromise." (Salamon, 1987, p.43) In other words, the sector sequencing in service provision plays a key role in the formulation of the voluntary theory.

Articulating these key assumptions of VFT is helpful to address some of its past critiques. For example, Wolpert (2003, p.173) asked a series of questions in his critique of VFT: "Is the theory intended to be normative, descriptive, or predictive and how can it be verified, validated, or disproved...Is the partnership theory testable and which are the critical hypotheses that can be made operational for testing?" We agree with Wolpert (2003) that while Salamon (1987) does provide answers and the scope conditions to these questions in his original theoretical formulation, these assumptions are not explicitly stated for future theory development and testing. Given all the debates about VFT and its significant impact in our field, it is critical to not only interpret what Salamon means in his original text but also examine how subsequent theoretical and empirical inquiries have incorporated and enriched VFT.

Methodology

Search Methods

First, we identified the seminal article (Salamon, 1987) as the first article that systematically outlined the key arguments of VFT. Using this article, we defined the initial search terms based

on the four types of failure described by Salamon, namely insufficiency, paternalism, particularism, and amateurism. These served as the basis for search terms on the concept of voluntary failure. As voluntary failure may not be solely attributed to Salamon (1987) and one of our key research questions is whether VFT is the main theoretical foundation when scholars discuss the failures and limitations of the nonprofit sector, we decided not to limit the search to scholarly publications that have cited Salamon (1987). Instead, we broadly searched these terms in different literature databases.

To locate the relevant literature included in this study, we conducted electronic searches in six databases in February 2022. A social sciences librarian designed the primary search strategy which was conducted in Business Source Premier (EBSCO). A full literature search strategy for Business Source Premier is provided in Appendix A. It was then translated into the following databases: Web of Science Social Sciences Citation Index (SSCI), Scopus, ProQuest Dissertations and Theses Global, PAIS Index, and Sociological Abstracts. The literature search identified 2,473 published and unpublished empirical and theoretical studies in databases focused on business, nonprofit management, and public administration that include conceptualizations of VFT.

Next, we completed forward citation tracking on the seminal article using Google Scholar. This tracking identified 1,190 scholarly publications as having cited Salamon (1987) or Salamon (1995) and were included for the title and abstract screening.

We used an online systematic review software, Covidence, to assist with the two-part screening process. To counteract biases (Tranfield et al., 2003), all authors participated in a blind selection process. The authors were divided into two groups so that one article received at least two votes. If the two votes for an article generated the same decision, Covidence would automatically include or exclude the selected article. Screening discrepancies were discussed by all authors and resolved by consensus. We used Covidence to deduplicate the 2,437 results from the six databases, resulting in 1,965 records. We introduced three studies via hand searching and 1,187 through citation tracking in Google Scholar. After a final round of deduplication, the total number of scholarly publications collected for screening was 3,112.

Inclusion and Exclusion Criteria

We applied four criteria to select relevant scholarly publications during the first phase of title and abstract screening: (a) be in the English language; (b) use the key words of failure, insufficiency, paternalism, particularism, or amateurism; (c) be peer-reviewed articles, dissertations, books or book chapters; and (d) the main focus of the abstract and title should be on the nonprofit sector (for example, many initial results discuss failure in medical sciences). Out of the 3,112 scholarly publications eligible for the first phase of title and abstract screening, only 252 met our four criteria.

Then, we did a full-text screening for all the 252 eligible scholarly publications selected from the first round. In this second round of the full-text screening process, we further specify the inclusion criteria as the scholarly publication needs to have at least one finding or discussion section on nonprofit or voluntary organizations failing to fulfill their expected roles or creating

unexpected negative consequences. We also applied the inclusion of the first round to make sure only eligible scholarly publications remain in the final database. 194 scholarly publications were excluded through the full-text screening process. The reasons for exclusion were: the scholarly publications did not focus on or contribute to the discussion of voluntary failure (n=112), were not written in English (n=26), were not peer-reviewed (n=26), dealt with settings that are not about nonprofit organizations (n=13), used a different theory (n=9), were duplicates (n=7), or were unavailable (n=1).

The PRISMA Flow Diagram in Figure 1 includes the search, deduplication, screening, and data extraction totals for this study. We adhered to the PRISMA statement and checklist for this study to transparently report the procedures (Moher et al., 2009). We also provide the keywords we used in the literature search process in Appendix A and the list of included scholarly publications for final coding in Appendix B.

[Figure 1 Here]

Data Analysis

After we extracted all eligible scholarly publications from the Covidence platform and applied the inclusion criteria, we divided the eligible scholarly publications into two groups: one group of empirical studies that engage with Salamon's voluntary failure in their empirical analysis, and the other group of studies that included discussions about alternative forms of voluntary failure besides the classic four types from Salamon (1987). For the first group of the literature, we followed the coding protocol to retrieve information for the following questions: How was

voluntary failure defined and what types of research questions were answered using VFT? In what contexts were voluntary failure empirically investigated (e.g., policy subsectors, and country)? What type(s) of voluntary failure are most frequently assessed? And how was voluntary failure examined (e.g., the methodology)?

For the second group of literature, we coded what other types of voluntary failure beyond Salamon's original contemplation were discussed in the literature. We conducted descriptive analysis and text analysis to get a conceptual understanding of where these additional forms of voluntary failure fit and how the existing framework can be expanded. Our final systematic literature review consists of 58 eligible scholarly publications, 42 of which are empirical and 16 are purely theoretical. 37 scholarly publications in the final sample actively engage VFT, 24 of which are empirical studies. 14 scholarly publications in the final sample discuss alternative forms of voluntary failure beyond philanthropic insufficiency, paternalism, particularism, and amateurism.

Findings

In the following subsections, we report and discuss the major findings in response to our key research questions. We also discuss how these findings speak to the key features of VFT.

Overall, our systematic review finds that while VFT has been applied to many service subsectors and country contexts, showing its wide applicability and recognition, it lacks conceptual clarity.

The existing literature tends to use the theory to answer a diverse set of research questions that may or may not be directly related to VFT. With the field of nonprofit and voluntary studies advancing and many other fields assessing the limitations and challenges of the nonprofit sector,

there are exciting opportunities to expand our understanding of voluntary failure theory and strengthen its theoretical clarity.

Q1: What Type of Research Questions Were Empirically Assessed Using VFT?

Our first major finding from the systematic review is that there is no consensus about what VFT explains and predicts. There is a diverse set of research questions that engage VFT. Here below we present the three major groups of research questions answered by VFT, namely the success and failure of the nonprofit sector, the determinants of nonprofit sector size or nonprofit activities, and the motivation and consequences of government-nonprofit collaboration. Each group of research questions emphasizes a different orientation of VFT.

The first group of research questions assesses the failure and success of the nonprofit sector in providing services and solving social problems. Ten out of the 24 empirical scholarly publications engaging VFT center their inquiry on this type of research question. Most empirical studies under this category are descriptive and the use of VFT is mainly for illustration and measurement purposes. In other words, the use of VFT is mainly to demonstrate that different forms of voluntary failure are present in nonprofit organizations. Voluntary failure is used as a concept rather than a theory. For example, Jones and Deitrick (2020) surveyed a network of food pantry programs to explore whether the four failure categories identified in VFT are present in these food pantries. Wills (2017) used VFT to describe the barriers for community supermarkets to develop and scale in Australia.

There are some notable exceptions to the application of VFT in this category. From the authors' perspective, it also demonstrates a more promising use of VFT. For example, through a historical analysis of the development of Irish voluntary hospitals, Robbins & Lapsley (2008) demonstrated that different forms of voluntary failure result in the closure of many voluntary hospitals. While the evidence is mainly presented as a historical narrative, it lays out the consequences of voluntary failure – organizational closure or ownership takeover. In other words, the use of VFT, in this context, goes beyond fitting different organizational or sector characteristics with various forms of failure and serves as an anchor in explaining organizational changes.

The second group of research questions assesses why nonprofit organizations are formed and the determinants of the size of the nonprofit sector. Seven out of the 24 empirical papers center their inquiry on this research question. Compared to the first group of literature, this group of scholarly publications utilizes voluntary failure as a theory to explain the size of the nonprofit sector, often in combination with other failure theories. There are two types of hypotheses in this group literature: the relationship between government funding and nonprofit sector size/presence, and the relationship between community wealth and nonprofit sector/presence. For example, Gazley, Lafontant, & Cheng (2020) used VFT to develop the hypothesis that park-supporting charities are more likely to support state parks located in wealthier communities. Clifford (2021) developed the hypothesis from VFT that there are likely to be fewer charities in more deprived communities and charities in these communities are more likely to dissolve. Maroney & Dollery (2004) hypothesized that nonprofit provision of services to the poor would be expected to increase as the level of government support increases. VFT is often cited as a

supply-side theory in these circumstances. For example, because of philanthropic insufficiency, nonprofits have to be located in wealthier neighborhoods or communities with more government funding to get more resources.

The third group of research questions assesses the motivations and consequences of government-nonprofit collaboration. Seven out of the 24 empirical papers focus on this line of inquiry. This group of scholarly publications predominantly focuses on using voluntary failure theory to illustrate potential risks or motivations for collaboration. For example, Hellström (2021) used VFT to demonstrate possible motivations for the government to work with nonprofit organizations in public service provision. Only two out of the seven scholarly publications set up formal hypotheses for subsequent empirical testing (Marwell & Calabrese, 2015; LeRoux, 2009) and only one article develops hypotheses directly based on VFT. LeRoux (2009) hypothesized that government funding would make nonprofits more likely to employ participatory governance practices, thus remedying philanthropic paternalism.

In summary, our results suggest that the use of VFT has no clear consensus regarding its key theoretical propositions. VFT is often cited superficially without testable hypotheses. The largest amount of empirical research uses VFT for descriptive purposes – describing different forms of challenges the nonprofit faces, rather than providing theoretical propositions regarding the causes and consequences of the failures.

Q2: In What Contexts Was Voluntary Failure Theory Empirically Investigated and What Type(s) of Voluntary Failure Theory Were Most Frequently Studied?

Figure 2 shows an increasing interest in empirically studying VFT over time. Since the seminal work of Salamon (1987), the number of empirical studies on VFT has increased from three in the 1990s, to ten in the 2000s, and 23 in the 2010s. As shown in Figure 2, most of these empirical studies (29 out of 42) are peer-reviewed journal articles. About one-fifth (8 out of 42) of the empirical studies are doctoral dissertations.

[Figure 2 Here]

Among the 29 peer-reviewed journal articles, seven or 25% are published in nonprofit and public management journals, while the rest are published in a variety of social sciences journals. As the mainstream outlets of nonprofit studies, *VOLUNTAS* published three (Helmig et al., 2014; Jones and Deitrick, 2020; Pan and Xu, 2022) and *Nonprofit and Voluntary Sector Quarterly* published two (Brinkerhoff, 2008; Fernandez, 2008) of the empirical studies included in this review. *Public Administration Review* published two (LeRoux, 2009; Gazley et al., 2020) empirical studies, both of which address the relationship between government and nonprofits in public service provision.

As for the fields of study, Figure 3 shows that 36% (15 out of 42) of the empirical research is on voluntary studies, public administration and policy, and development studies with a focus on international development NGOs. Empirical studies on VFT also traveled beyond the fields of

public and nonprofit management to various social science fields including business, health research, economics, sociology, and political science.

[Figure 3 Here]

In terms of geographical focus, most of the empirical research is about North America or Europe, as shown in Figure 4. Three of the 42 empirical studies did not specify any geographic focus but generally discussed nonprofit activity worldwide (Steiner, 1989; Zaidi, 1999) or nonprofit scholarship (Gamle and Munoz, 2022). Among the rest of the 39 empirical studies, 10 focus on Europe, and 16 focus on North America, specifically the United States, taking up more than half of the empirical studies with a geographical focus. These results are not surprising given the theory's origin is rooted in the mixed economy of industrialized societies. The findings also speak to Wolpert's (2003) critiques about whether the theory can be applied to contexts other than the United States. While empirical research has confirmed that the theory helps examine nonprofits' performance in contexts other than the US (Robbins and Lapsley 2008; Booth et al., 2018; Chui et al., 2019), more research is needed to examine how the theory can be modified or extended in contexts other than the industrialized democratic society. For example, research applying Salamon's (1987) framework to an authoritarian context has identified a new type of voluntary failure termed "philanthropic mistrust" where nonprofits' trustworthiness is compromised by their close collaboration with the government (Chui et al., 2019).

Figure 4 also shows that across subsectors, human services received the most attention from current research. Among the 39 empirical studies tabulated in Figure 4, thirteen of them have a

focus on human services. Research on voluntary failures in the subsector of human services spans across geographic focuses. Other subsectors that are empirically studied considering VFT include health, environment and animals, international and foreign affairs, and religion. It is noteworthy that a substantial amount of empirical research, 12 out of 39, generally discuss the nonprofit sector without subsector focuses.

[Figure 4 Here]

In summary, empirical research using VFT has been increasing since the theory was first proposed in 1987. While the theory originated from the discussion on the roles of nonprofits in a mixed economy of industrialized societies, empirical research of the theory has traveled beyond its origins to other fields of social sciences and other socioeconomic contexts.

Q3: How Was Voluntary Failure Theory Empirically Assessed (e.g., the Methodology)?

Figure 5 shows that among the 42 empirical studies included in this review, sixty-seven percent (28 out of 42) use qualitative methods, twenty-four percent (10 out of 42) use quantitative methods, and the rest of nine percent (4 out of 42) use mixed methods. Not surprisingly, data used in different types of research varies significantly. While qualitative research mainly uses interview and archive/document data, quantitative and mixed-method research mainly use survey or administrative data, as presented in Figure 5.

[Figure 5 Here]

Figure 6 shows the number of empirical studies that address different kinds of voluntary failures originally proposed by Salamon (1987). The results show that philanthropic insufficiency received the most attention, with 20 out of 42 studies addressing this problem. Philanthropic particularism, paternalism, and amateurism receive similar attention from empirical research, with 11-12 out of 42 studies addressing these issues. Besides the four voluntary failures proposed by Salamon (1987), this review found a wide range of other types of voluntary failures, which will be discussed in detail in the next section.

Figure 6 also shows that although the original voluntary failure theory addresses voluntary failures at the sectoral level, only a moderate amount of empirical studies apply the theory in the same way. The majority of the studies examine voluntary failures at the organizational level, either directly transporting Salamon's (1987) original four types of failures to the organizational level (Kujawińska, 2008; Wills, 2017; Kilgore-Nolan, 2018; Chui et al., 2019), or using the language of voluntary failures generally to refer to organizational outcomes such as closure (Fernandez, 2008; Abarca, 2013), financial struggle (Hayden, 2006; Dong, 2011), or nonprofit resource availability (Maroney and Dollery, 2004; Clifford, 2012; Gazley et al., 2020). Three of the 42 empirical studies examine voluntary failures at the network level, highlighting the collaboration between volunteers and nonprofit organizations in addressing amateurism/professionalism (Andreassen et al., 2014), the roles of nonprofits in bridging citizens and bureaucrats (Čada and Ptáčková, 2014), and cross-sectoral collaborations between nonprofits and other institutions to address policy issues (Carman and Hefner, 2012).

[Figure 6 Here]

In summary, the current empirical research on voluntary failure theory is predominantly qualitative research examining various types of voluntary failures in different cases, especially cases at the organizational level. Relatively fewer studies adopt quantitative data and methods to study the scope and magnitude of voluntary failures.

Q4: What Other Types of Voluntary Failure Were Discussed in Literature?

Our systematic review also shows types of voluntary failures that differ from Salamon's classic four types. To help organize our analysis, these additional types of voluntary failures are categorized into three different levels depending on where the failure mainly occurs: the sector level, the network level, and the organizational level.

At the sector level, there are two conditions other than nonprofit insufficiency defined by Salamon resulting in nonprofit failures: nonprofits fail to meet homogenous needs instead of insufficiently meeting heterogeneous needs (Steiner, 1991), and governments' tax subsidies to nonprofits can cause value-detraction (costs of tax exemption exceed its benefits) (Gamle and Munoz, 2022) and worsen inequality (Reich, 2005). Salamon's discussion about nonprofit insufficiency was because nonprofits cannot meet all heterogeneous needs sufficiently. However, as Steiner (1991) argued, even though the needs are more homogenous, such as human rights protection, nonprofits may still fall short in meeting such needs because of the inconsistency in understanding basic human rights and diverse or sometimes conflicting organizational goals. One could argue that, even within the human rights protection area, there are still diverse needs for human rights protection. Nonprofits do not always share a common vision of a better world and

of what basic human rights are even as they work in the same human rights protection area. For example, Porter (2018) pointed out that UK NGOs failed to represent women's rights accurately.

From a tax policy approach, a voluntary failure means that government tax subsidies are either not cost-effective (Gamle and Munoz, 2022) or worsen social inequality (Reich, 2005).

Government tax subsidies to nonprofits often generate positive outcomes; however, the negative consequences of nonprofit value distraction are also likely. Value-detraction means that granting tax-exemption costs exceed its benefits. Gamle and Munoz (2022) surveyed 15 years of interdisciplinary studies on value-detraction and identified that policymaking and regulation intemperance, nonprofit management and governance distraction, and detection and prosecution inconsistencies are three conditions of value-detraction. Reich (2005) documented another nonprofit failure when the sector worsens social inequality by channeling tax-exempt philanthropic funds to benefit wealthier communities and further deepening the poor-rich gap.

At the network level, voluntary failure refers to why a network or collaboration involving nonprofit organizations fails. This can be a nonprofit-nonprofit, nonprofit-public, or nonprofit-business network. Čada and Ptáčková (2014) presented a case study of NGOs collaboratively conducting critical policy work in a Czech city and argued that the collaboration failed because of paternalism, accountability deficit, and exclusiveness. Steiner's (1991) study considered diverse but not successful partnerships between different NGOs as the main reason why NGOs failed in the post-World War II human rights movement worldwide.

At the organizational level, voluntary failure mainly focuses on applying organizational failure theories to analyze internal management-related issues of nonprofits. A study categorized eight different types of organizational failures: mission failure, output failure, efficiency failure, input failure, legitimacy failure, adaptive failure, management failure, and leadership failure (Norris-Tirrell, 1992). Norris-Tirrell (1992) then used a comparative study of four nonprofit cases and identified input, legitimacy, adaptive, management, and leadership failures, based on which she also developed a checklist of the warning signals of potential organizational failure for nonprofit practitioners. Leadership or governance failure occurs when boards are dominated by affiliated outsiders or when board members are not fully committed to the organizational mission, leading to the financial unsustainability of nonprofit health maintenance organizations (Hayden, 2006).

Financially, revenue concentration, higher administrative costs, unrelated business incomes, or significant programmatic changes all contribute to nonprofit closure (Arbogust, 2020). Also, capacity building might cause unintended consequences. When a transnational NGO prioritized certain capacities to grant local accessibility in Milne Bay, Papua New Guinea, it impeded creating lasting effects (Balboa, 2014). Additionally, quite the opposite of nonprofit amateurism, experienced nonprofit practitioners might contribute to the failure of nonprofits. A study of the Greater Yellowstone area environmental nonprofits showed that these nonprofits missed important opportunities for growth and became less likely to achieve their goals because these environmental nonprofit practitioners artificially and unnecessarily limit the scope of choices available to them (Cherney, 2011).

Towards a Research Agenda of a Better Use of VFT

One of the most important findings from our systematic literature review is the diversity of research questions, contexts, and methodologies scholars have used to study voluntary failure. As a theory that sheds light on the prevalent collaboration between government and nonprofit organizations, VFT anchors subsequent scholarly discussion and breaks the dominance of treating the nonprofit sector as a gap-filler for government and market failures. Its wide applications across different policy and geographical contexts speak to its significance in the academic discourse. However, these wide applications may also compromise the rigor and validity of VFT. Essentially, scholars used VFT to describe a type of phenomenon rather than engage in rigorous theory testing of a causal relationship. In this section, we lay out a research agenda that centers on developing testable hypotheses that are informed by the core arguments of VFT, articulating the level of analysis, and orienting voluntary failure toward creating a broad set of public values.

Research Direction 1: Develop Testable Hypotheses of VFT

While scholars have cited VFT extensively and applied it to different contexts since its inception, relatively few scholarly publications seriously engage VFT. Out of over 2,000 of our initial search results and more than 1,000 scholarly publications citing Salamon (1987), only 37 scholarly publications seriously engage VFT in their discussion. Out of those 37 scholarly publications, only 24 are empirical. In other words, most scholarly publications cited or used voluntary failure as a background or justification for their discussion of the nonprofit sector or government-nonprofit relations. The analytical focus is often not on the assessment or the use of VFT.

This lack of serious engagement of VFT suggests some limitations of the theory itself, in particular the lack of articulation and clarification of key theoretical concepts and propositions. With some notable exceptions (e.g., Gazley et al., 2020, LeRoux, 2009), most studies do not have a clear testable hypothesis developed based on VFT. Even with the scholarly publications that have developed testable hypotheses, the orientations of the hypotheses are divergent. For example, LeRoux (2019) focused on whether government funding helps nonprofit organizations mitigate philanthropic paternalism while Gazley et al (2020) focused on whether charitable support for public services is larger in wealthier communities.

While voluntary failures can occur in various forms, we propose that the use of VFT needs to come back to the context of its original development. What Salamon argued in his seminal essay is that to remedy various types of voluntary failures, the government provides funding or collaborates with nonprofit organizations for public service provision. Based on these core arguments from VFT, we propose the following hypotheses for subsequent scholarly inquiries. Rather than limiting the testing of voluntary failure to human and social services, we propose that it is more critical to establish the scope conditions as we assess the validity of VFT. We particularly emphasize the incorporation of benchmarks and reference points for various types of voluntary failures. For example, when scholars make arguments about philanthropic insufficiency, they have to first assess whether the nonprofit sector has fewer resources than the government. For many human service nonprofits, this may be true. However, for some public service subsectors such as parks and recreation, the nonprofit sector's resources may be more abundant (Cheng, 2019b).

There are recent empirical studies that offer promising strategies to test the propositions drawn from VFT. For example, using a large panel of federal grants to nonprofit organizations, Thornton and Lecy (2023) found that federal government grants improve the financial health of nonprofit organizations, therefore serving as a remedy for resource insufficiency of these organizations. Lee, Park, and Gong (2023) found a similar pattern and further suggests that too much process accountability may hamper the benefits of government support. Using two survey experiments, Xu and Li (2022) found that people perceive nonprofit organizations that rely on donations as the warmest and most competent as compared to nonprofits that rely on government funding and service fees. While not explicitly engaging in VFT, these research designs offer promising ways to test the propositions based on the core arguments of voluntary failure theory.

Research Direction 2: Articulate the Level of Analysis for the Study of Voluntary Failure

Based on the findings of our systematic literature review, scholars have studied voluntary failures at different levels: 1) a failure occurred at the organization level: for example, an NPO failed because it was financially vulnerable; 2), a failure occurred at the network or collaboration level: for example, a network involving NPOs worked together to provide a certain service but failed to coordinate effectively; 3), a failure occurred at the sector level: for example, as discussed by Salamon (1987), the nonprofit sector is insufficient to provide certain goods and services to satisfy social needs. Rather than limiting the use of voluntary failure theory to one level of analysis, we hope to be more inclusive of different approaches but ask for clarity around which level of analysis is employed in empirical studies when assessing voluntary failure. Indeed, as the finding of our systematic literature review indicates, voluntary failures can happen

at different levels. What scholars need to be cautious about is the ecological fallacy problem when we employ data at one level to infer phenomena at another level. For example, when assessing voluntary failure at the organizational level, scholars should be cautious about making sector-level observations and conclusions.

Further, we need to go back to Salamon's key argument about the inherent limitations of the nonprofit sector, or those characteristics of the nonprofit sector that are not likely to be addressed by organizational-level interventions. For example, heavily relying on the nonprofit sector to support public service provision may compromise the equitable provision of public services at the system level due to philanthropic particularism. In a recent study, Cheng, Yang, & Deng (2022) found that localities with a higher density of park-supporting nonprofits may benefit white residents' access to public parks more than other racial/ethnic groups. This line of inquiry is particularly promising as it directly gets to the "so what" question: who benefits from the nonprofit sector (Clotfelter, 1992; Salamon et al., 2000)? The assessment of VFT should be conducted more at the sector and system levels as Salamon's original conceptualization focuses on sector strengths and limitations.

Research Direction 3: Orient Voluntary Failure toward Creating a Broad Set of Public Values

The finding of a broad range of voluntary deficiencies beyond Salamon's classic four from the systematic literature review indicates the necessity of clarifying the scope and context under which voluntary failures are studied. Ultimately, whether a feature of nonprofit organizations and the nonprofit sector is a failure or strength depends on the value positions under consideration. For example, philanthropic insufficiency can be reframed as the catalyst for innovation as

nonprofit organizations have more flexibility about how to use resources that are not funded by tax dollars. The very nature of philanthropic particularism speaks to nonprofits' unique strengths in connecting with and serving marginalized communities (Cheng & Sandfort, 2023).

Philanthropic paternalism demonstrates the mission-driven nature of nonprofit leaders and the importance of self-identity in philanthropic giving and volunteering. Last but not least, philanthropic amateurism serves as a major opportunity for nonprofit organizations to be the intermediary for citizen participation and coproduction of public services (Cheng, 2020; Cheng, Brudney & Meijs, 2023). As Toepler (2023, p.409) points out in the *Nonprofit Policy Forum* Lester M. Salamon Memorial Issue, “the benefits to government – rather than the voluntary failure per se – motivate public support and set the collaborative relationship in motion.”

Based on our finding that a significant portion of research on voluntary failures has diverged from Salamon's original context, we call for future research to examine the characteristics of the nonprofit sector not only based on efficiency and effectiveness considerations, but also other public values such as equity, legitimacy, and accountability. For example, the government sector often has competing values with the nonprofit sector (Steinberg, 1996). As government support aims at helping remedy some forms of voluntary failures, it may worsen those exact failures or induce other forms of voluntary failures. Situated in the context of the COVID-19 outbreak in Wuhan, Wang and Cheng (2021, p.97) found that the interdependence might have led to “the simultaneous failures of multiple sectors”.

Limitations and Future Research

While we rigorously conducted this systematic literature review following the state-of-the-art protocol, several limitations should be noted. First, we limited the search to only scholarly publications written in the English language. Given VFT's global impact and influence, we are likely to miss studies conducted in other languages that seriously engage with VFT. Future studies should critically examine various forms of voluntary failure in economic and political contexts that are different from advanced industrial and democratic societies.

Second, to link our search results to various types of voluntary failures, we only included the names of those classic four voluntary failures and failures in general. Studies might discuss voluntary failures in other terminology or words. While we cannot include the full universe of scholarly publications discussing voluntary failures in our search strategy, we believe that we should capture most scholarly publications that seriously engage with VFT.

Third, given the diverse and fragmented nature of how scholars have engaged with VFT, we are not able to offer concrete conclusions about whether VFT is supported or not supported by empirical results. We can only infer possible limitations of the theory rather than validate or invalidate VFT. As scholars further articulate the theoretical propositions of VFT, we hope this goal can be achieved soon.

Conclusion

Going back to the quote we presented at the beginning of this article, "It is the role of theory, after all, to direct attention to the facts that are most relevant to a particular process" (Salamon,

1987, p. 32). Since its initial development, VFT has become a powerful frame in directing scholars' and practitioners' attention to the government-nonprofit contracting relationship. It becomes common wisdom that the nonprofit sector has many inherent limitations and government intervention/funding can help remedy these problems. Our systematic literature review reveals that rather than offering a direct test of VFT, existing studies tend to pick and choose where this theory fits, without seriously reflecting on the assumptions and implications of VFT. As we develop a better use of VFT for public and nonprofit management studies, two directions are particularly promising. On the one hand, scholars need to come back to the core assumptions of VFT proposed by Salamon in 1987 so we can empirically assess the validity of VFT. On the other hand, a more inclusive framework of voluntary failures is needed so other forms of sector failures can be taken into account as the nonprofit sector creates a broad array of public values beyond efficiency. We hope our systematic literature review offers the first step towards these critical goals.

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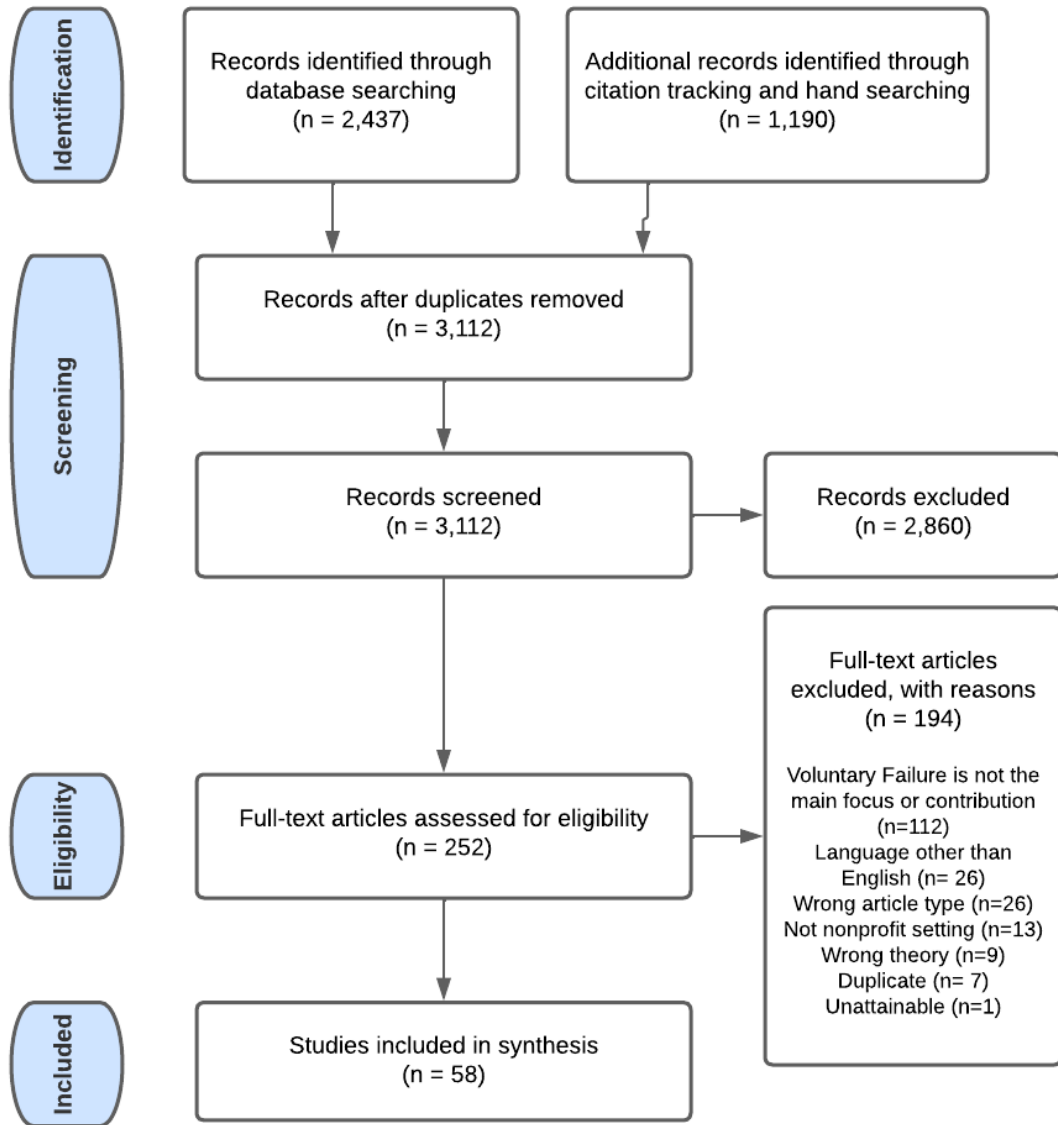
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Figure 1. PRISMA Flow Diagram Outlining the Process of Identifying Relevant Publications.



Notes. The list of scholarly publications included in the review is available in Appendix B.

Figure 2. Number of Empirical Studies, by Publication Type and Year (N=42)

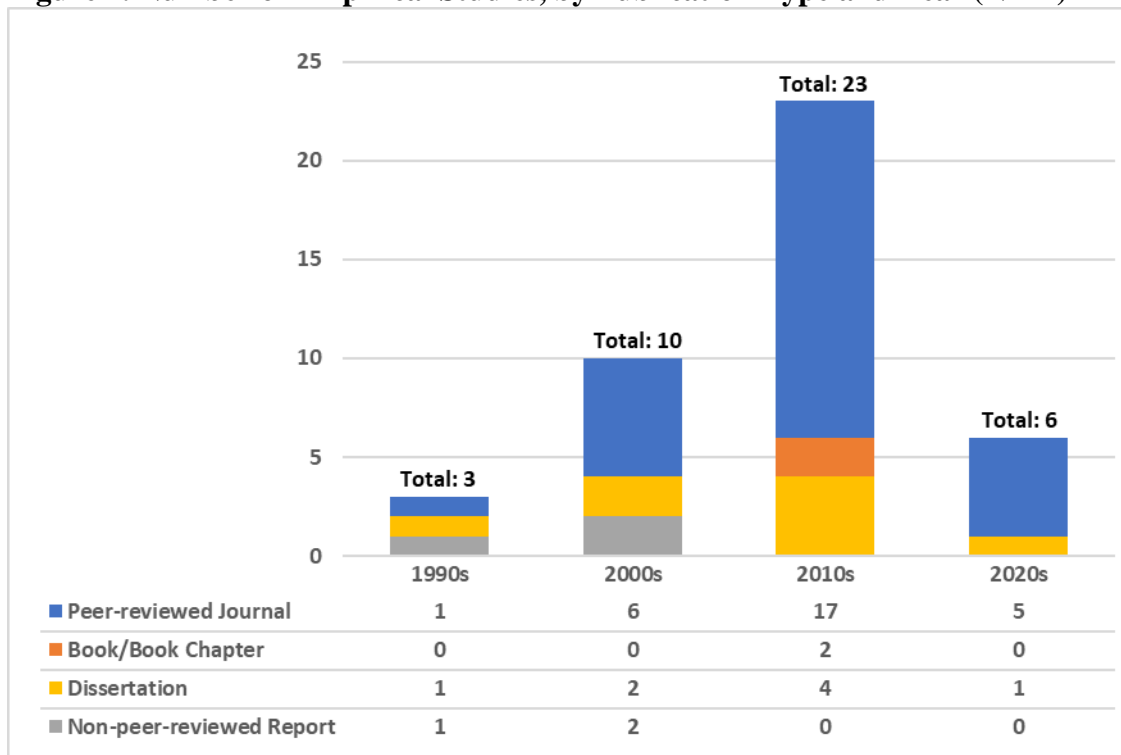
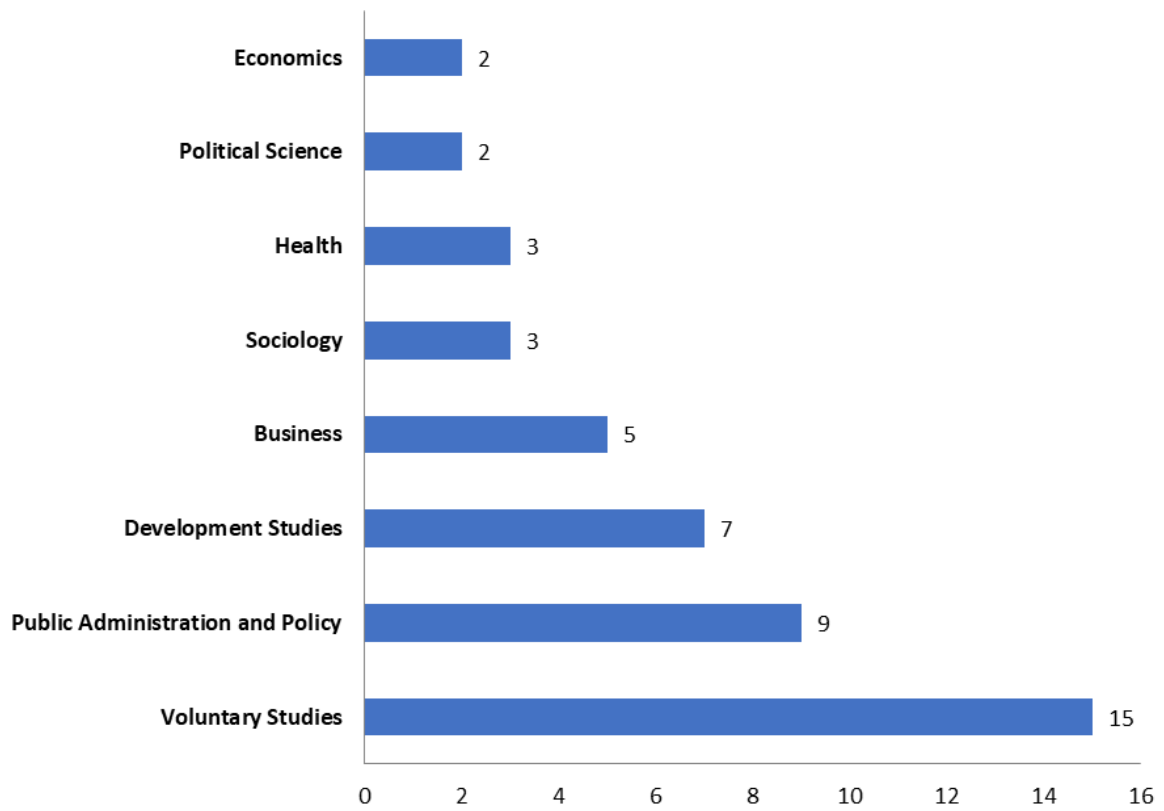


Figure 3 . Number of Empirical Studies, by Fields of Study (N=42)



Note: the total number adds up to larger than 42 because some empirical study receives more than one code.

Figure 4. Number of Empirical Studies, by Geographical Focus and Subsector (N=42)

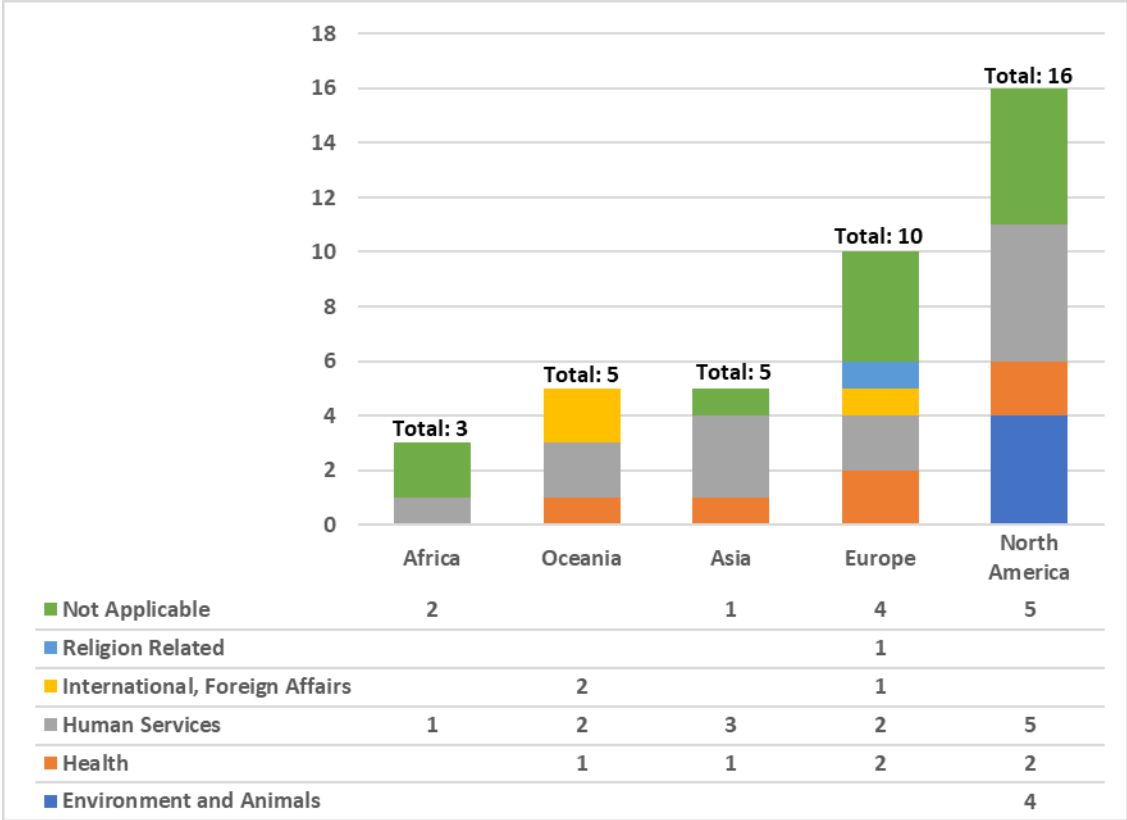


Figure 5. Number of Empirical Studies, by Research Method and Data Used (N=42)

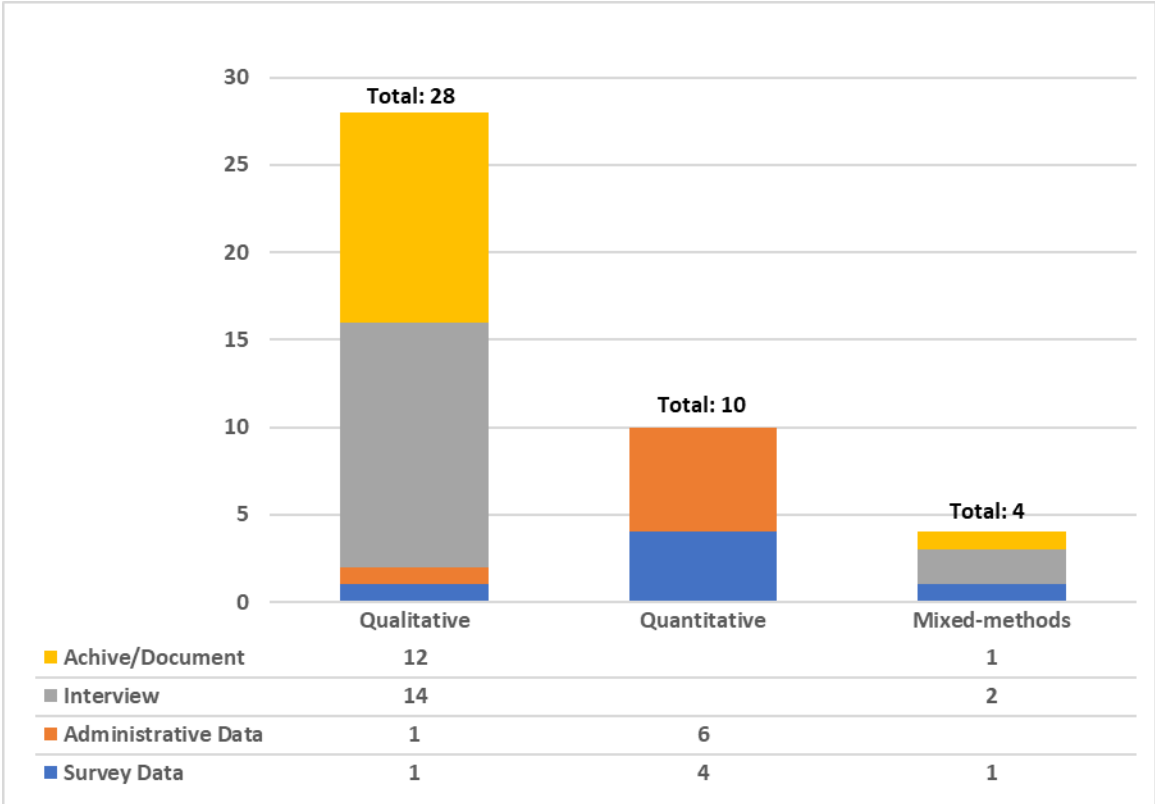
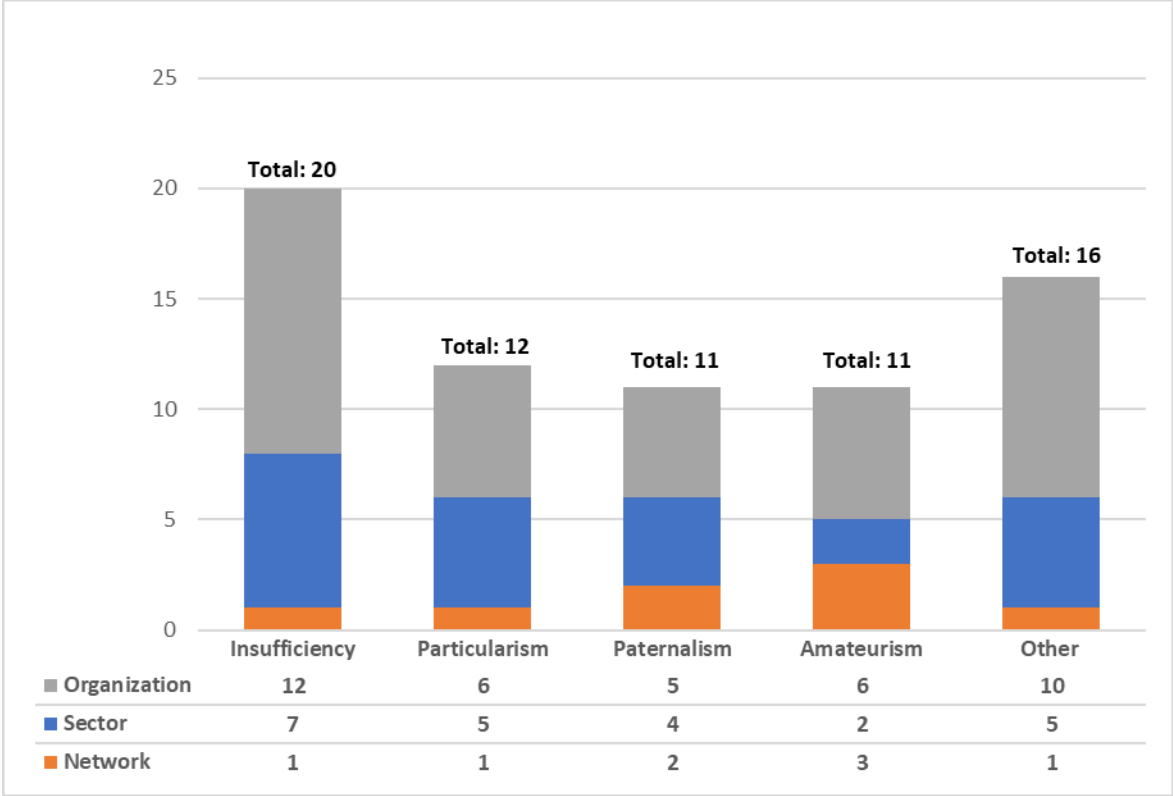


Figure 6. Number of Empirical Studies, by Failures and Level of Analysis (N=42)



Note: the total number adds up to more than 42 because some empirical studies address more than one type of voluntary failure.

Appendix A. Keywords used in the Literature Search Process

Business Source Premier (EBSCO)

1. DE "nonprofit organizations" OR DE "charitable foundations" OR DE "hybrid organizations" OR DE "nongovernmental organizations" OR DE "nonprofit sector"
2. DE "nonprofit failures"
3. DE "profit" OR DE "corporate profits"
4. S3 NOT S2
5. TI (nonprofit OR "non-profit" OR "non profit" OR "Not-for-profit" OR "not for profit" OR NPO* OR nongovernmental OR "non-governmental" OR NGO* OR "civil society" OR "third sector" OR voluntary OR philanthrop* OR charit*)
6. AB (nonprofit OR "non-profit" OR "non profit" OR "Not-for-profit" OR "not for profit" OR NPO* OR nongovernmental OR "non-governmental" OR NGO* OR "civil society" OR "third sector" OR voluntary OR philanthrop* OR charit*)
7. TI (failure* OR insufficien* OR particolari* OR paternali* OR amateur*)
8. AB (failure* OR insufficien* OR particolari* OR paternali* OR amateur*)
9. ((S1 OR S5) AND S7) OR (S6 N4 S8)
10. S2 OR S9
11. S10 NOT S4

Total search results: 771

Date of search: February 22, 2022

Appendix B. List of Scholarly publications Included in the Final Coding Process

Authors, Year	Title	Journal
Abarca, 2013	Essays on Social Venture Antecedents, Consequences, and Strategies	ProQuest Dissertations and Theses
Flanigan, 2014	Shifts in perceptions of NGOs with the creation of the Palestinian National Authority	Development in Practice
Enjolras, 2000	Coordination failure, property rights and non-profit organizations	Annals of Public and Cooperative Economics
Wallis, 2005	Organizational failure and organizational revitalization in the relationship between government and nonprofit organizations	Journal of Interdisciplinary Economics
Prychitko & Boettke, 2002	The New Theory of Government Nonprofit Partnership: A Hayekian Critique of the Salamon Paradigm	The Philanthropic Enterprise
Wills, 2017	Eating at the limits: Barriers to the emergence of social enterprise initiatives in the Australian emergency food relief sector	Food Policy
Schnable, 2015	Do-it-yourself aid: The emergence of American grassroots development organizations	ProQuest Dissertations and Theses

Andreassen et al., 2014	The making of ‘professional amateurs’ Professionalizing the voluntary work of service user representatives	Acta Sociologica (United Kingdom)
Carman & Hefner, 2012	Using Civic Engagement and Collaboration to Create Community Change: Lessons From Charlotte, N.C.	Foundation Review
Garton, 2014	The fault line of charity	Not-for-Profit Law: Theoretical and Comparative Perspectives
Defourny et al., 2016	Venture philanthropy: When philanthropy meets social entrepreneurship	The Routledge Companion to Philanthropy
Sutton et al., 2010	A development agenda, the donor dollar and voluntary failure	Accounting, Business and Financial History
Ancker & Rechel, 2015	Donors are not interested in reality: The interplay between international donors and local NGOs in Kyrgyzstan's HIV/AIDS sector	Central Asian Survey
Edwards, 1993	‘Does the doormat influence the boot?’: critical thoughts on UK NGOs and international advocacy	Development in Practice
Steiner, 1991	Diverse partners: non-governmental organizations in the human rights movement	The Report of a Retreat of Human Rights Activists

Bridgen, 2012	Voluntary failure, the middle classes, and the nationalisation of the British voluntary hospitals, 1900-1946	Charity and Mutual Aid in Europe and North America Since 1800
Gamle & Munoz, 2022	When tax-exempt nonprofits detract value from society	Academy of Management Perspectives
Jones & Deitrick, 2020	Does the Theory of Voluntary Sector Failure Provide Insight into Food Pantries? A Case Study of a Network of Food Pantries in San Diego, CA	VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations
Norris-Tirrell, 1992	Defining failure in the nonprofit organization: The case of four human service agencies	ProQuest Dissertations and Theses
Cada & Ptáčková, 2014	Between clients and bureaucrats: An ambivalent position of NGOs in the social inclusion agenda in Czech statutory cities	Policy and Society
Reich, 2005	A FAILURE of PHILANTHROPY: American charity shortchanges the poor, and public policy is partly to blame.	Stanford Social Innovation Review
Dolšák & Prakash, 2021	NGO Failure: A Theoretical Synthesis	VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations

Cliford, 2012	Voluntary sector organisations working at the neighbourhood level in England: Patterns by local area deprivation	Environment and Planning A
Maroney & Dollery, 2004	Explaining voluntary sector behavior: an empirical test using NSW non-profit social service provider data	Journal of Economic & Social Policy
Hellström, 2021	Service innovation or collaborative tradition? Public motives for partnerships with third sector organisations	Journal of Accounting and Organizational Change
Kilgore-Nolan, 2018	The Ecosystem of Women's Health Social Enterprises Based in the United States	ProQuest Dissertations and Theses
Obiyan, 2005	A critical examination of the state versus non-governmental organizations (NGOs) in the policy sphere in the global south: Will the state die as the NGOs thrive in Sub-Saharan Africa and Asia?	African and Asian Studies
Dong, 2011	Voluntary failure in village culture-building: The case of the qu yuan village library	China Nonprofit Review

Marwell & Calabrese, 2015	A deficit model of collaborative governance: Government's "nonprofit fiscal relations in the provision of child welfare services	Journal of Public Administration Research and Theory
Gazley et al., 2018	Charitable support for US national and state parks through the lens of coproduction and government failure theories	Nonprofit Policy Forum
Clifford, 2018	Neighborhood context and enduring differences in the density of charitable organizations: reinforcing dynamics of foundation and dissolution	American Journal of Sociology
Kujawińska, 2008	The condition of church related charity organizations in Poland	ProQuest Dissertations and Theses
Robbins & Lapsley, 2008	Irish voluntary hospitals: An examination of a theory of voluntary failure	Accounting, Business and Financial History
Zaidi, 1999	NGO failure and the need to bring back the state	Journal of International Development
Porter, 2018	Gender equality and the discursive landscape of nongovernmental action in development: The inevitable failure of international NGOs to represent the interests of women?	Handbook on Development and Social Change

Boettke & Prychitko, 2004	Is An Independent Nonprofit Sector Prone to Failure? An Austrian School Analysis of the Salamon Paradigm and the Lohmann Challenge	Conversations on Philanthropy
Wallis & Dollery, 2006	Revitalizing the contribution non-profit organizations can make to the provision of human services	International Journal of Social Economics
Hayden, 2006	Governance failures also occur in the non-profit world	International Journal of Business Governance and Ethics
Dollery & Wallis, 2001	Social service delivery and the voluntary sector in contemporary Australia: A conceptual note on " Constructive Compassion" and the McClure report	Australian Journal of Political Science
O'Donovan, 2019	Disaster Recovery Service Delivery: Toward a Theory of Simultaneous Government and Voluntary Sector Failures	Administration and Society
Leroux, 2009	Paternalistic or participatory governance? Examining opportunities for client participation in nonprofit social service organizations	Public Administration Review

Gazley et al., 2020	Does Coproduction of Public Services Support Government's Social Equity Goals? The Case of U.S. State Parks	Public Administration Review
Chui et al., 2019	Non-governmental organisations and informal associations in service delivery for African migrants in China: Evidence of voluntary sector failure?	International Journal of Social Welfare
Cherney, 2012	Environmental saviors? The effectiveness of nonprofit organizations in Greater Yellowstone	ProQuest Dissertations and Theses
Dollery & Wallis, 2004	Economic approaches to the voluntary sector: A note on voluntary failure and human service delivery	International Review of Public Administration
Billis & Glennerster, 1998	Human services and the voluntary sector: towards a theory of comparative advantage	Journal of Social policy
Wolpert, 2003	Voluntary Failure Theory and Nonprofit-Government Partnership	The Study of the Nonprofit Enterprise. Nonprofit and Civil Society Studies (An International Multidisciplinary Series)
Salamon, 2003	Voluntary Failure Theory Correctly Viewed.	The Study of the Nonprofit Enterprise. Nonprofit and Civil Society Studies (An International Multidisciplinary Series)

Salamon & Toepler, 2015	Governmentâ€™Nonprofit Cooperation: Anomaly or Necessity?	VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations
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