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Nonprofit and Voluntary Sector Quarterly 2012 41: 36 originally published online 15 November 2010

DOI: 10.1177/0899764010388846

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Nonprofit and Voluntary Sector Quarterly
41(1) 36–57
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DOI: 10.1177/0899764010388846
<http://nvsq.sagepub.com>


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Abstract

This research compares cooperative child day care centers to for-profit and independent nonprofit centers in terms of parental involvement in operations (such as fundraising and classroom participation), parental involvement in governance (specifically, serving on the board and attending the annual meeting), and quality of care. It also tests whether parent control of the board is associated with quality. Findings show that cooperative centers feature greater parental involvement in operational aspects, including fundraising and care of the center or grounds compared to for-profits and independent nonprofits. Cooperatives are also more likely to have parents on their boards and feature boards with parent majorities compared to independent nonprofits, although more than half of these nonprofit centers also have parent-controlled boards. Results also show that while the cooperative form, tested as a distinct organizational type, is not a predictor of quality, parent control of the board is a positive predictor of this outcome.

Keywords

cooperatives, child care, participation, governance, quality of care

Introduction

Cooperatives are commonly understood to be a unique organizational form through which child day care services are delivered. Although they are nonprofit like other community-based providers, they are associated with high levels of parental involvement

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in operations and decision making and espouse internationally recognized operating principles such as democratic member control. The theoretical and popular literatures on cooperatives argue that there is a “cooperative difference” or “advantage” in the services provided by these kinds of organizations (Münkner, 2004; Spear, 2000). This difference or advantage in service outcomes is thought to be the result, at least in part, of their distinctive operational and governance structures.

However, a review of the empirical literature shows that research on organizational form and child day care centers typically uses only a nonprofit/for-profit dichotomy. And although organizational form is sometimes disaggregated into subtypes of for-profit and nonprofit child day care centers (such as for-profits with chain affiliation vs. independent businesses, and nonprofits associated with faith-based groups versus other types of community-based child day care centers), cooperative organizations are seldom included as a category in this research.

This article has three objectives. The first is to examine how, in practice, cooperatives differ from noncooperative, nonprofit child day care centers as well as for-profit child day care centers in terms of parental involvement in day-to-day operations and governance practices.¹ The second objective is to compare the performance of cooperative child day care centers versus noncooperative, nonprofit child day care centers as well as for-profit child day care centers using process quality as the outcome variable. The third objective is to test whether a specific dimension normally associated with parent cooperatives, namely, parent control of the board of directors, is associated with the quality of care provided to preschool children. Here, the formal, typological distinction between independent nonprofits and cooperatives is dropped, and the effect of a specific organizational attribute is tested instead. Specifically, the quality of care provided by child day care centers that feature parent control of the board of directors (be they nonprofit or cooperative) is compared to such organizations without parent control as well as for-profit providers.

Background

Child Care and Organizational Form

A large body of literature compares the quality of preschool care provided by nonprofit and for-profit child day care centers writ large. This literature examines the effect of organizational form on process quality, which is a measure of quality of care that focuses on elements of the classroom environment including the kinds of activities available for children, health and safety routines, and communication between caregivers and children.

Much North American research on child care and organizational form draws upon the data collected in the Cost, Quality and Child Outcomes (CQCO) study. These data were collected in 1993 from nonprofit and for-profit child day care providers in Connecticut, North Carolina, Colorado, and California (Mocan, 1997), and the research team consisted of principal investigators from each of these four states (see Helburn, 1995). Analyses of

these data consistently show that nonprofit organizations offer a similar level of care compared to for-profits in three out of the four states included in the study. In North Carolina, a state with weak licensing requirements, nonprofit child day care centers provided higher-quality care (Mocan, 1997; Morris & Helburn, 2000; Phillipsen, Burchinal, Howes, & Cryer, 1997). Using National Institute of Child Health and Human Development Study of Early Child Care and Youth Development data, Sosinsky, Lord, and Zigler (2007) found that nonprofit child day care centers offered higher-quality care than for-profit child day care centers to preschool children 54 months of age. These data were collected from families living in nine different states across the United States.²

In Canada, the Atlantic Day Care Study (Lyon & Canning, 1997) found that large nonprofits (i.e., child day care centers with at least 30 children) outperformed similarly sized for-profits on three different measures of process quality: the Early Childhood Environment Rating Scale (ECERS), the preschool appropriate caregiving (PAC) subscale, and the developmentally appropriate activity (DAA) subscale. They also found that small nonprofit child day care centers outperformed their for-profit counterparts in the DAA subscale. The PAC and the DAA subscales were first derived from the ECERS, using factor analysis by Whitebrook, Howes, and Phillips (1989). The DAA subscale includes items in the ECERS that focus on how children are supervised and disciplined as well as the interaction between teachers and children, while the PAC subscale focuses on the activities and materials available for children as well as the daily schedule.

A comparison of for-profit and nonprofit child day care centers offering preschool care in Montréal found that commercial centers had lower mean scores than did nonprofits using both the Caregiver Interaction Scale and dimensions of the ECERS related to the physical aspects of centers and certain provisions for teachers (Mill, Bartlett, & White, 1995). Finally, Goelman et al. (2006) used path analysis to find direct and indirect determinants of quality in child day care centers. Here, organizational form emerged as an indirect predictor of quality in preschool rooms, affecting quality through wages paid to staff. Their analysis showed that for-profit child day care centers negatively predicted staff wages.

Literature that has disaggregated nonprofit and for-profit child day care centers also looks at the effect of subtype on process quality, and it provides a more nuanced understanding of how performance may be related to organizational form. Using the Cost, Quality and Child Outcomes study, Morris and Helburn (2000) followed their more aggregated analysis by grouping for-profit child day care centers into chains and independents and by grouping nonprofit child day care centers into six categories: church operated, church affiliated, community agencies (defined as serving low-income families and which are subsidized by social services agencies), public centers (defined as child day care centers that are either operated by public colleges or universities or which offer public enrichment programs to low-income families), private centers (defined as centers operated by private, nonprofit schools or universities), and parent cooperatives. The authors found that for-profit chains, nonprofit church-operated facilities, and community agencies were significant and negative predictors of aspects of the ECERS that

were hard to measure in preschool classrooms. These hard-to-measure aspects are ones that parents or guardians are not able to readily observe, such as the quality of the meals provided, how teachers supervise play, and the informal use of language in the classroom (e.g., whether dialogue among children is discouraged, and whether teachers talk to children only to correct behavior). Morris and Helburn (2000) also found that both types of for-profit child day care centers were negative predictors of process quality in North Carolina.

Sosinsky et al. (2007) examined their data by subtype of child day care center for care provided to children aged between 36 and 54 months. Categories included for-profit independents, for-profit chains, nonprofit nonchurch centers, and nonprofit church centers. For children aged 54 months, chain-affiliated for-profit child day care centers offered lower-quality care than both types of nonprofit child day care centers, while no differences among subtypes were found in the care provided to children aged 36 months.

Using a different and older set of data, Phillips, Howes, and Whitebrook (1992) looked at the quality of care offered by child day care centers, including for-profit independents, for-profit chains, nonprofit church-run centers, and nonprofit nonchurch centers. Performance varied depending on the age group receiving care as well as the dimension of process quality examined. For example, in preschool rooms, both kinds of nonprofit child day care centers had higher caregiving scores than did for-profit independents, while nonchurch nonprofit organizations and for-profit chains scored higher on the activities measure than did for-profit independents. Finally, nonchurch nonprofits were found to be less harsh and more sensitive to preschool children compared to for-profit, independent child day care centers.

Overall, the literature reviewed above reveals two main findings. First, when the effect of organizational form on process quality is explored using a nonprofit/for-profit dichotomy, nonprofit child day care centers often, although not always, outperform their for-profit counterparts. Second, disaggregating organizational form beyond this dichotomy provides a finer understanding of the effect of organizational form in that subtypes of nonprofit and for-profit child day care centers may not provide similar levels of care.

Child Care Cooperatives

There is limited research available on child day care cooperatives. The research by Morris and Helburn (2000) notwithstanding, existing literature emphasizes the growth of parent-controlled centers in Sweden (Stryjan & Wijkström, 1996) and the working environment within these organizations (Pestoff, 2000). From a user perspective, Coontz and Esper (2003) explored the feasibility of creating cooperative child day care centers in rural California and solicited feedback from parents as well as community workers with backgrounds in early childhood education and economic development. After presenting participants with potential cooperative models, including worker-owned, consumer-owned, and “family day care home cooperatives” (where private, home-based child care providers coordinate marketing and bulk purchasing), the

authors found that participants strongly favored the consumer cooperative model. Findings pointed to a desire for parents to influence the direction and philosophy of child day care centers and to forge connections with other parents. Also from a user perspective, Pestoff (1998) compared opportunities for involvement in child day care centers by collecting data from parents using the services of worker cooperatives, parent cooperatives, and other nonprofit, community-based organizations and found that a greater proportion of individuals involved in parent cooperatives felt they could influence the direction of their child day care centers.

Attributes of Organizational Form and Quality of Care

The legal status of organizations is only one lens through which to understand their characteristics and outcomes. In other words, literature that attempts to delimit the parameters of the nonprofit economy emphasizes not only the importance of legal type as a criterion but also the values and practices of nonprofits and cooperatives. These include their adherence to democratic decision making, their treatment of workers, and the appropriateness of their output in relation to community needs and contexts (Laville, Lévesque, & Mendell, 2007; Laville & Nyssens, 2000; Tomas, 2004).

Similarly, some researchers who study outcomes and organizational form argue that attributes that overlap among organizations should be used as independent variables in multivariate analyses. Such attributes may include the degree to which government funding is a source of revenue or the percentage of output available for public use (Bozeman & Bretschneider, 1994). In the literature on social care, one attribute that has been examined is the degree to which user involvement is associated with process quality. With child day care centers, Morris and Helburn (2000) found that having at least 25% of parents in attendance at the last center meeting was a significant and positive predictor of hard-to-observe process quality in preschool classrooms. In home care, Leviten-Reid and Hoyt (2009) compared the quality of services provided by cooperative and noncooperative, nonprofit organizations. They found that while organizational form was not significant, the percentage of consumers on the boards of directors of these agencies was positively associated with the overall satisfaction consumers reported with the services they received. This current research will proceed in a similar vein, testing not only organizational form but also whether parental involvement in governance is associated with the quality of care provided to preschool children.

Theoretical Framework

This research uses stakeholder theory to hypothesize how cooperatives should differ from for-profit providers and noncooperative, nonprofit child day care centers, both in terms of parental involvement in operations and governance and process quality.

Stakeholder theory was used by Ben-Ner and Van Hooymissen (1991) in an effort to explain the emergence and behavior of nonprofit organizations in the face of government

and market failures.³ The authors present supply-side stakeholders (such as managers and investors) and demand-side stakeholders (such as users of services) and explain that there is inherent conflict between the two: Supply-side stakeholders are interested in profit maximization, while those who use services are interested in the output that firms produce. Because of this conflict, demand-side stakeholders will form organizations that provide services in sectors where information asymmetries are present and where contract failure may occur. Creating these nonprofit organizations allows demand-side stakeholders to control the output with their own needs and interests in mind, which in the case of child care services includes the provision of quality care.

Ben-Ner and Van Hoomissen (1994), however, acknowledge that nonprofit organizations may also be created by entrepreneurs in the community who are aware of unmet demand for a given service; they argue that the output provided by these two kinds of nonprofit organizations is not necessarily the same. For example, managers of nonprofit organizations that are not governed by stakeholders may misuse resources, compromising the output provided to users of services and causing “control failure” (Ben-Ner & Van Hoomissen, 1994). As a result, Ben-Ner and Van Hoomissen (1991) argue that direct action and control by demand-side stakeholders provides the most transparent kind of nonprofit organization. As summarized by Steinberg (2006), both nonprofit organizations and consumer cooperatives are more trustworthy than for-profit firms but that “. . . it is good to have your child in a nonprofit day care center, but even better if the center-owner’s children are its customers.” (p. 125)

Hypotheses

This research has three hypotheses.

Hypothesis 1: Cooperatives will feature a greater level of parental involvement in the operations and governance of their child day care centers compared to both independent nonprofit child day care centers and for-profit child day care centers

This hypothesis is based on the literature that finds that users of child day care cooperatives identify greater opportunities for involvement through this organizational form (Coontz & Esper, 2003; Pestoff, 1998).

Hypothesis 2: Parent cooperatives will provide higher-quality care than both independent nonprofit and for-profit child day care centers.

Hypothesis 3: A specific attribute often associated with cooperative child day care centers but also found in some noncooperative, nonprofit child day care centers, namely, parental involvement in governance, will predict higher-quality care.

Hypotheses 2 and 3 are rooted in the theoretical framework of stakeholderism described previously, which posits that while nonprofit organizations of all kinds are

not focused on profit maximization, the services provided by nonprofit organizations that are not controlled by users of services may also be affected by the misuse of funds. Hypothesis 2 tests this theory by examining the formal, typological distinction between cooperatives, nonprofits, and for-profits, while Hypothesis 3 tests this theory by examining a specific attribute of the cooperative form, namely, parental control of the board of directors.

Method

Data

The data used in this paper come from phase two of the You Bet I Care! (YBIC!) study. Cross-sectional data were collected in 1998 on child day care centers and workers across Canada; the purpose was to develop an in-depth understanding of the quality of child day care services and the labor conditions of child care workers.⁴ Data on quality were collected from seven different provincial and territorial jurisdictions: New Brunswick, Québec, Ontario, Saskatchewan, Alberta, British Columbia, and the Yukon.

The sampling frame was compiled using lists of licensed child day care centers provided by government authorities from each jurisdiction in which data were collected. Centers not offering a minimum of 6 hours per day of care, 5 days per week, were dropped from the list. Centers in remote locations were also dropped because of logistical hurdles in collecting the data.

Data collection included distributing surveys to executive directors and staff as well as observing classrooms. All observers had formal training and professional experience in early childhood education. The minimum level of interrater reliability was set at 85%. A more detailed description of the data collection process can be found in Goelman et al. (Goelman, Doherty, Lero, LaGrange, & Tougas, 2000; Goelman et al., 2006). The response rate for the quality component of YBIC! was 56.5%.

Although the data set used by the principal investigators to examine preschool quality included 211 observations (69 for-profit child day care centers and 142 nonprofit child day care centers), several observations were dropped for this present research. Specifically, 17 nonprofit centers were dropped from the data set because they did not identify their organizational form beyond their overall type (i.e., they did not specify whether they were a cooperative or an independent nonprofit child day care center). Three additional nonprofits were dropped because they provided contradictory evidence on their organizational form. Two stated they were nonprofit child day care centers, but then selected "sole proprietorship" or "corporation" as a subtype. Lastly, eight nonprofit organizations that self-identified as independent nonprofit child day care centers were dropped from the data set because they indicated that they did not have a board of directors. The sample used in this present research consists of 69 for-profit child day care centers, 73 independent nonprofit child day care centers, and 41 cooperative child day care centers ($N = 183$).

The nonprofit child day care centers that did not provide more specific information on their subtype were compared to all nonprofit child day cares included in the analysis in order to check for differences in key variables; none were found.⁵

Generalizability

Child day care centers in remote locations were not included in the sampling frame due to logistical issues around collecting the data. The principal investigators of the You Bet I Care! project also suspect that higher-quality child day care centers may have agreed to participate in the project, thereby limiting the representativeness of the sample. They suspect that the self-selection of child day care centers offering higher-quality care may have occurred because of the “. . . structural and conceptual similarities . . .” (Goelman et al., 2000) between the You Bet I Care! study and the U.S. National Child Care Staffing Study that found that child day care centers with lower child–staff ratios agreed to participate.

Notwithstanding the issues described previously, the generalizability of the data was also assessed by comparing key variables from the data set used in the present study to data collected in a larger survey of child day care centers in Canada completed the same year. This larger survey was conducted for the component of the You Bet I Care! study that examined human resource practices. This is not a perfect assessment of generalizability; this data set does not feature the entire population of child day care centers in Canada but is based instead on a large-scale national survey of randomly sampled child day care centers. The response rate was 47% ($N = 848$).⁶ Still, this survey represents the only data on child day care centers available for comparison purposes. Organizations from the two data sets were compared by size, sources of cash revenue, budget allocation, and in-kind donations. Only one difference was found; more full-time children were enrolled in the child day care centers in the data set used for this present study in comparison to the larger data set. This table is available from the researcher upon request.

Variables and Measures

The outcome variable in this study is the Early Childhood Environment Ratings Scale-Revised (ECERS-R). The ECERS-R is a widely used measure of quality in preschool classrooms. It evaluates seven dimensions of quality, including the adequacy of space and furnishings, the personal care routines in place, the use of language in the classroom, the nature of the interactions between teachers and children, activities and program structure, as well as the opportunities available for parents and staff (Harms, Clifford, & Cryer, 2005). Each dimension is evaluated using a 7-point scale, with 1 = *inadequate*, 3 = *equaling minimally adequate*, 5 = *being good*, and 7 = *being excellent*.⁷ In this study, the total of the mean subscale scores was used as the dependent variable; it ranges from 7 to 49.

In Model 1, the key independent variable is organizational form. This is categorized as “cooperative child day care center,” “independent nonprofit child day care center,” and “for-profit child day care center,” and is coded using dummy variables. In Model 2, the key independent variable is parent control of the board of directors, and categories include “nonprofit child day care center with parent control,” “nonprofit child day care center without parent control,” and “for-profit child day care center.” Thus, the formal distinction between cooperative and independent nonprofit child day care centers is not included in this second model. This variable is also coded using dummy variables.

Control variables were selected based in part on child care research that has found associations between process quality and teacher-related, classroom-related, and center-related variables (e.g., Mill et al., 1995; Phillipsen et al., 1997; Rigby, Ryan, & Brooks-Gunn, 2007) and by examining bivariate correlations and testing for potential confounders and collinearity.

Control variables include the highest level of child care–related education held by the staff member being observed during the quality assessment, the observed teacher’s satisfaction with coworkers and their working environment (this follows Goelman et al., 2006), and the province or territory in which the child care centers are located. Geographical jurisdiction is used to represent different provincial and territorial child care regulations as well as the unique funding mechanisms available for child care in each region in the sample.

Data Analysis

Data were analyzed using ordinary least squares regression. Regression assumptions were tested; robust standard errors were used to correct for heteroskedasticity.

Variables were added to each model sequentially in order to determine how the key independent variables in Models 1 and 2 are associated with process quality before controlling for any other factors that may also be linked to this outcome; for example, how these key independent variables change with the addition of control variables, how other variables beyond organizational form and parent control of the board of directors may affect quality, and how the adjusted R^2 increases with the addition of each variable in the models.

Parental Involvement in Child Day Care Centers

This section provides descriptive data on child day care cooperatives, independent nonprofit child day care centers, and for-profit child day care centers. The focus of this comparison is on parental involvement in both operational aspects of centers and in their governance; data are presented in Tables 1 and 2. Structural and operational characteristics were also compared for this research. Several differences were found between cooperative and for-profit child day care centers and between independent

Table 1. Parental Involvement in Operations

Method of parent-guardian involvement	For-profits (%)	Independent nonprofits (%)	Co-ops (%)	Significant difference ^{a,b}
Fundraising				Yes
Not done	58.21	35.82	18.42	Co-ops ≠ For-profits ^c
Voluntary	31.34	55.22	63.16	Nonprofits ≠ For-profits ^d
Required	10.45	8.96	18.42	
Physical care of center or grounds				Yes
Not done	78.79	54.55	36.84	Co-ops ≠ For-profits ^{**}
Voluntary	21.21	42.42	50.00	Nonprofits ≠ For-profits ^{**}
Required	0	3.03	13.16	
Organization of or attendance at social events				Yes
Not done	47.69	22.06	8.33	Co-ops ≠ For-profits ^{**}
Voluntary	46.15	69.12	86.11	Nonprofits ≠ For-profits ^{**}
Required	6.15	8.82	5.56	
Participation in special events				No
Not done	3.13	2.90	0	
Voluntary	92.19	92.75	92.11	
Required	4.69	4.35	7.89	
Provision of supplies or labor ^e				No
Not done	44.62	47.06	39.47	
Voluntary	53.85	51.47	50.00	
Required	1.54	1.47	10.53	
Participation in the daily program				No
Not done	23.08	30.00	24.86	
Voluntary	73.85	70.00	73.41	
Required	3.08	0	2.63	
N	69	73	41	

a. A chi-square analysis comparing only parental involvement in cooperative and independent nonprofit child day care centers revealed no statistically significant differences between these two organizational forms. This lack of significance may be due to the relatively small sample of organizations used in this research.
 b. The unequal sign indicates that the nature of parental involvement is not the same in the child day care centers compared; the direction of the difference depends on whether parental involvement is required, voluntary or not done.
 c. $\chi^2 = 15.64, df = 2, p \leq .01$
 d. $\chi^2 = 8.06, df = 2, p \leq .05$
 e. Examples include providing snacks or fixing toys
 ** $p \leq .01$ (p values are the results of Fisher's exact tests).

nonprofit centers and for-profit child day care centers with regard to in-kind contributions (such as rent and utilities), the allocation of budgets, size and sources of cash revenue.⁸

Table 1 shows statistically significant differences between cooperative and for-profit child day care centers in three categories of parental involvement in operations:

Table 2. Parental Involvement in Governance

Dimension of parental involvement in governance	Nonprofits		Co-ops		Significant difference
	Result (%)	SD	Result (%)	SD	
Board of directors					
Percentage of directors who are parents	55.20	34.50	74.16	32.43	Yes: Co-ops > Nonprofits ^{**}
Whether the board is governed by a parent majority ^a	61.64		80.49		Yes: Co-ops > Nonprofits ^b
Annual meeting					
Attend annual meeting open to all families/guardians					Yes ^c
Not done	13.43		0		Yes ^c : Co-ops ≠ Nonprofits ^d
Voluntary	61.19		54.05		
Required	25.37		45.95		
N	73		41		

a. Expressed as the percentage of centers with a parent-majority board.

b. $\chi^2 = 4.32$, $df = 1$, $p \leq .05$.

c. The unequal sign indicates that the nature of parental involvement is not the same in the child day care centers being compared; the direction of the difference depends on whether parental involvement is required, voluntary or not done.

d. Fisher's exact test: $p \leq .05$.

^{**} $p \leq .01$.

fundraising, physical care of the center or grounds, and the organization of, or attendance at, social events. For fundraising, cooperative centers are almost twice as likely to have this as a requirement compared to for-profit centers; moreover, almost 60% of for-profit organizations stated that this type of activity is, in fact, not done by parents at their child day care centers. For the physical care of the center or grounds, 13% of cooperative child day care centers have this requirement compared to no for-profits, and while 37% of cooperatives stated that this type of parental involvement is not done at their child day care centers, this figure increases to 79% of for-profit child day care centers. Finally, for social events, even though only a small percentage of both cooperative and for-profit organizations have organizing or attending such events as a required component of their child day care centers, most cooperatives have this activity as a voluntary component, versus 46% for for-profits.⁹

A chi-square analysis comparing only cooperatives to independent nonprofit child day care centers revealed no statistically significant differences between the two organizational forms in terms of parental involvement in operations. However, it should be noted that this lack of significance may be due to the relatively small sample of organizations

used in this research, and therefore, low statistical power. A close examination of the results presented in this table show that in three different categories of involvement, a much greater percentage of cooperative child day care centers require parents to complete certain tasks compared to their nonprofit counterparts. More specifically, about 18% of cooperatives require that parents fundraise, while only half as many independent nonprofit child day care centers have the same expectation. In turn, only 18% of cooperatives stated that parents did not fundraise at their child day care centers, versus 36% of independent nonprofits. With the physical care of the center or grounds, 13% of cooperative organizations require parents to take on this task, while only 3% of independent nonprofits require that parents do so. The provision of supplies or labor, such as bringing snacks or mending toys, is the third category in which a much higher percentage of cooperative child day care centers require this type of parental involvement compared to independent nonprofits (11% vs. 1%).

Interestingly, Table 1 also shows that only 3% of cooperatives require that parents participate in the daily program, and no association is found between this type of involvement and organizational form. All other dimensions of involvement listed in the table beyond classroom participation may be done on a more flexible basis, before or after work. Overall, the percentage of child day care organizations that require parental involvement of different kinds is also smaller than anticipated and can likely be explained by the fact that centers are providing care to families that work full-time. Research that has specifically tested for the effect of parental employment on school volunteering has indeed found a negative association between the full-time employment of mothers and this activity (Gee, 2010; Rotolo & Wilson, 2007).

Turning to governance, data in Table 2 show that cooperative child day care centers have a greater percentage of parents on their boards than independent nonprofit centers do (for-profit child day care centers were not included in this analysis since none feature parents as directors). A higher percentage of cooperative child day care centers also feature boards with parent majorities, although it is worth noting that more than half of the independent nonprofit child day care centers feature boards predominated by parents.

The second item related to governance relates to whether there is an annual meeting open to all parents. Here differences were found between cooperative child day care centers and nonprofit child day care centers, with more cooperatives reporting that parents are required to attend such a meeting.¹⁰

Three conclusions can be drawn from these descriptive data. First, cooperative child day care centers differ from other child day care organizations in terms of parental involvement in operations. Second, cooperative child day care centers also feature a higher degree of parental involvement in governance compared to independent nonprofit and for-profit centers. Third, although these data support the hypothesis that cooperative child day care centers feature a greater degree of parental involvement in decision making, the fact that 60% of independent nonprofit child day care centers

also feature boards comprised of parent majorities calls into question the uniqueness of the cooperative model of child day care vis-à-vis independent nonprofits in terms of how these centers are governed, at least with respect to board composition. As a result, while this study's first hypothesis that cooperative child day care centers would feature greater levels of parental involvement in operations and governance is supported by the empirical evidence, the degree of difference between cooperative and independent nonprofit child day care centers in terms of parental involvement in governance is less than anticipated.

Organizational Form, Governance, and Quality of Child Care

This research tests for the specific effects of both organizational form and parent involvement in governance on the quality of care provided to preschool children. Table 3 shows regression results testing the effect of organizational form on process quality; for-profit child day care centers are the reference group. The first regression only includes organizational form; additional control variables are added in subsequent models. Although the coefficient is positive, this table shows that cooperative child day care centers do not significantly differ in the quality of care they provide to preschool children compared to for-profit and independent nonprofit child day care centers. However, independent nonprofit child day care centers do provide higher-quality care than for-profit child day care centers, a difference that persists even after all control variables have been added. The results also show that organizational form explains little of the variation in the dependent variable.

Results in Table 3 do show other significant predictors of process quality. The level of training in early childhood education held by the observed teacher is a positive predictor of the dependent variable, and the addition of this variable increases the variance explained from 4% to 15%. Worker satisfaction and jurisdiction are also significant predictors of quality. Worker satisfaction increases the variance explained slightly, from 15% to 19%, while jurisdiction explains much more variation in the dependent variable. Specifically, the percentage of variance explained increases from 19% to 35% with the addition of this variable.

Table 4 presents a different analysis that taps into a dimension of organizational form in which there is important overlap between independent nonprofit and cooperative child day care centers. It tests stakeholder theory not through an examination of organizational form but through board composition. Parent control of the board of directors is the specific variable tested, since stakeholder theory posits that user control is necessary to ensure that an organization will focus on fulfilling its mission. Nonprofits of different kinds without this control may have managers who use an organization's resources for personal gain, while for-profit agencies are focused on profit maximization and so may also skimp on quality in the name of increasing profit for its owners. In the regression model presented in Table 4, for-profit child day care

Table 3. Ordinary Least Square Regression Results Testing the Effect of Organizational Form on Quality of Care

Variable	Parameter estimate	SE	Parameter estimate	SE	Parameter estimate	SE	Parameter estimate	SE
Organizational form ^a								
Cooperative	1.76	1.54	1.80	1.52	1.76	1.48	2.90	1.56
Nonprofit	3.43*	1.47	3.52*	1.46	3.27*	1.45	3.45*	1.41
Education of observed teacher ^b								
One year of training	—	—	4.59*	2.09	4.11*	1.96	4.10*	1.67
Two years of training	—	—	8.07**	1.99	7.50**	1.85	6.49**	1.61
Three or more years	—	—	4.38*	2.17	4.32*	2.02	4.31*	1.69
Worker satisfaction	—	—	—	—	.67*	.27	.66**	.24
Jurisdiction ^c								
British Columbia	—	—	—	—	—	—	2.34	1.48
New Brunswick	—	—	—	—	—	—	-6.86**	1.56
Ontario	—	—	—	—	—	—	-3.87*	1.70
Québec	—	—	—	—	—	—	-3.96*	1.92
Saskatchewan	—	—	—	—	—	—	-7.98**	1.94
Yukon	—	—	—	—	—	—	-1.81	2.65
Constant	31.72	—	26.35	—	18.22	—	22.03	—
Percentage of variance explained ^d	4%	—	15%	—	19%	—	35%	—
N ^e	160	—	160	—	160	—	160	—

a. Reference group is for-profit.

b. Reference group is less than one year of training in early childhood education.

c. Reference group is Alberta.

d. Based on the adjusted R-squared.

e. The N is 160 due to a small number of missing data in each of the independent variables.

* $p \leq .05$. ** $p \leq .01$.

centers serve as the reference group, while the other two categories are “nonprofit child day care centers without parent control of the board” (be they cooperative or noncooperative nonprofits) and “nonprofit child day care centers with parent control of the board” (similarly, be they cooperative or noncooperative nonprofits).

Table 4 shows that in all models except the first regression, nonprofit child day care centers that feature parent control of the board of directors offer higher-quality care than for-profit child day care centers, while nonprofit child day care centers without this parent control have a coefficient that is positive but nonsignificant compared to for-profit providers. Education, worker satisfaction, and jurisdiction are also significant predictors in Table 4.

Table 4. Ordinary Least Square Regression Results Testing the Effect of Parent Control of the Board of Directors on Quality of Care

Variable	Parameter estimate	SE	Parameter estimate	SE	Parameter estimate	SE	Parameter estimate	SE
Level of parent control ^a								
Nonprofit without parent control of the board	3.58*	1.75	2.77	1.70	2.54	1.72	2.80	1.49
Nonprofit with parent control of the board	2.36	1.39	2.90*	1.41	2.75*	1.36	3.86*	1.62
Education of observed teacher ^b								
One year of training	—	—	4.52*	2.08	4.05*	1.95	4.26**	1.70
Two years of training	—	—	8.08**	1.99	7.51**	1.84	6.48**	1.60
Three or more years	—	—	4.44*	2.15	4.38*	2.01	4.30**	1.69
Worker satisfaction	—	—	—	—	.66*	.27	.66**	.25
Jurisdiction ^c	—	—	—	—	—	—	—	—
British Columbia	—	—	—	—	—	—	2.26	1.53
New Brunswick	—	—	—	—	—	—	-6.82**	1.54
Ontario	—	—	—	—	—	—	-3.52	1.89
Québec	—	—	—	—	—	—	-4.32*	1.98
Saskatchewan	—	—	—	—	—	—	-8.47**	1.76
Yukon	—	—	—	—	—	—	-1.95	2.62
Constant	31.73	—	26.37	—	18.07	—	21.95	—
Percentage of variance explained ^d	3%	—	14%	—	19%	—	35%	—
N ^e	160		160		160		160	

a. Reference group is for-profit.

b. Reference group is less than one year of training in early childhood education.

c. Reference group is Alberta.

d. Based on adjusted R^2 .

e. The N is 160 due to a small amount of missing data in each of the independent variables.

* $p \leq .05$. ** $p \leq .01$.

Discussion and Conclusion

The goal of this research was to compare three types of child day care centers with respect to parental involvement in operations and governance as well as the level of process quality provided. For-profit providers, independent nonprofits, and parent cooperatives were compared. The cooperative form was of particular interest in this

study, and the type of cooperative examined was the child day care cooperative that offers full-time care to children.

This research found that, overall, cooperative child day care centers feature greater levels of parental involvement in operations and governance compared to independent nonprofit and for-profit centers. Cooperatives (as well as independent nonprofits) significantly differ from for-profit child day care centers in terms of parental involvement in fundraising, physical care of the center or the grounds, and the attendance at, or organization of, special events. A comparison of cooperative and independent nonprofit child day care centers shows nonsignificant but similar patterns with respect to fundraising, the physical care of the center or the grounds, and the provision of supplies or labor. Note, however, that with the exception of fundraising, parental involvement in operations was commonly found to be voluntary in nature rather than required of parents. What is also noteworthy is that no association was found between organizational form and the requirement for parents to participate in the classroom and that only 3% of cooperative child day care centers had this type of involvement as an integral component of enrollment. The nature and level of involvement in the operations of child day care cooperatives can likely be explained by the fact that these centers provide full-time care to children, and thus, parents are working full-time.

The descriptive statistics on governance were unexpected. In particular, while cooperative child day care centers feature both a higher mean percentage of parents on their boards of directors and a greater frequency of parent-controlled boards than independent nonprofit child day care centers, more than half of these independent nonprofits also have parent-controlled boards. Yet at the same time, cooperative child day care centers differ in their approach to annual meetings, with a much higher percentage of these centers requiring attendance by parents compared to independent nonprofit child day care centers.

On balance, these findings on parental involvement in operations and governance provide some counterevidence to the argument that nonprofit organizations that exist to provide a service to members (or “mutual non-profits”; Quarter, 1992) share many characteristics with cooperatives that provide social services such as child care; for example, Quarter et al. (2001) found only minimal differences in the attributes of these two organizational types, including their mission, use of volunteers, and sources of funding. Turning to the theoretical framework of Ben-Ner and Van Hoomissen (1991, 1994), these findings also show that, overall, cooperative child day care centers feature greater direct action and control by parents compared to for-profit and independent nonprofit centers, although there is notable overlap with nonprofit centers in terms of parental involvement on the board.

Two sets of regression analyses examined the role that cooperatives may play in delivering quality care to preschool children. The first looked at organizational form, and it failed to find support for the hypothesis that cooperatives provide higher-quality care than for-profit child day care centers and independent nonprofit child day care centers. The second set of analyses looked at parent control of the board of directors as an attribute shared by both cooperative and independent nonprofit child day care

centers, and results showed that, after controlling for differences among types of organizations, parent control was a significant predictor of process quality compared to for-profit child day care centers and nonprofit child day care centers (be they cooperative or noncooperative nonprofits) without parent control.

These results provide some evidence for stakeholder theory, since they show that parent control of the boards of nonprofit child day care centers of different kinds is a predictor of quality care. In other words, results suggest that control by demand-side stakeholders does provide the most transparent kind of organization; as hypothesized by Ben-Ner and Van Hoomissen (1991, 1994), the transparency created through decision making predominated by key stakeholders ensures that child day care centers are focused on producing high-quality services for parents versus making financial or operational decisions that may benefit managers versus the individuals for whom the organizations are designed to serve.

These results need to be cautiously interpreted, however, due to the following reasons: sample size, noninclusion of child day care centers in remote locations in the sampling frame, and the potential self-selection of higher-quality child day care centers.

Still, findings concur with the existing literature that finds linkages between user participation and positive outcomes. In a similar study focused on home care, Leviten-Reid and Hoyt (2009) found that both cooperative and independent nonprofit home support agencies featured high levels of consumer involvement on their boards of directors. And although organizational status was not a significant predictor of quality, testing the effect of consumer involvement in governance revealed a significant and positive association with the level of satisfaction with services reported by users. As a result, the authors of this study concluded that although the cooperative form was not significant, a dimension commonly associated with the cooperative delivery of care services was linked to service quality. Findings also concur with the theoretical literature that argues that user involvement is important in improving service outcomes (e.g., Brudney, 1989; Münkner, 2004; Pestoff, 2006).

In terms of implications, this research suggests that user involvement in decision making may help explain why nonprofit organizations deliver higher-quality care than for-profit organizations. Furthermore, while this finding does not point specifically to a “cooperative difference,” it does provide some evidence that a key attribute of cooperatives, namely, involvement in governance, is important. Future research with larger samples of child day care centers should collect and analyze data related to parental involvement to determine whether these findings can be replicated and explore the mechanisms through which parental participation in decision making improves quality of care.

Acknowledgment

The author would like to acknowledge three anonymous reviewers for their constructive comments. The author would also like to thank Judith Bartfeld from the University of Wisconsin–Madison for her feedback and guidance, Gillian Doherty for making available the You Bet I Care! data set, as well as Lou Hammond Ketilson from the Centre for the Study of Co-operatives at the University of Saskatchewan.

Declaration of Conflicting Interests

The author declared no potential conflicts of interest with respect to the authorship and/or publication of this article.

Funding

A first draft of this paper was written while the author was a postdoctoral fellow at the Centre for the Study of Co-operatives at the University of Saskatchewan. Funding to support this fellowship was granted to the Centre for the Study of Co-operatives by the Social Sciences and Humanities Research Council of Canada as part of the Linking, Learning and Leveraging project.

Notes

1. There are two predominant forms of child care cooperatives in the United States and Canada. One type is the “nursery school cooperative”; the goal of their programming is to provide an opportunity for children to develop their social skills and establish academic building blocks for kindergarten. Nursery school cooperatives operate on a part-time basis. The second kind of child care cooperative is the “day care cooperative” (Co-operatives Secretariat, 2007). This type of organization provides full-time care to children and is the type of cooperative featured in this research. Independent nonprofits in this study consist of nonprofits with their own boards of directors, and this term is used interchangeably with “noncooperative, nonprofit centers.” No information is available in the data set used in this study regarding the chain affiliation of the for-profits centers.
2. These were Arkansas, California, Kansas, Massachusetts, North Carolina, Pennsylvania, Virginia, Washington, and Wisconsin.
3. Stakeholder theory garnered attention in 1984 with Freeman’s (1984) *Strategic Management: A Stakeholder Approach*. This theory proposes that different groups of actors, rather than simply shareholders, may affect and be affected by firms. These groups include managers, staff, lenders, suppliers, community residents, and community organizations. Since then, the construct has also been used in the nonprofit literature (Friedman & Miles, 2006); for example, Abzug and Webb (1999) use stakeholder theory to provide a framework for different kinds of relationships nonprofit organizations may have with for-profit firms and government entities. Nonprofits, and especially consortia of nonprofits, may be considered customers of for-profit businesses; this allows the relationship between the two to be one in which nonprofits are able to exert influence. A nonprofit organization may also be a stockholder in a corporation; here, too, nonprofits may be able to exert influence over the for-profit. More recently, stakeholder theory has been used to describe a type of governance approach that may be used by cooperative and nonprofit organizations (Cornforth, 2004); here, it is understood that there are different stakeholder groups that are affected by the work of an organization, and the resulting board composition is one that attempts to allocate seats to representatives of these different groups (such as women and youth). Despite these different forms of stakeholder theory, it is the framework as presented by Ben-Ner and Van Hooymissen that is being used in this research.

4. Principal investigators were Hillel Goelman, University of British Columbia; Gillian Doherty and Donna S. Lero, University of Guelph; Annette LaGrange, University of Calgary; and Jocelyne Tougas, child care consultant.
5. These key variables include the mean quality score, the number of children enrolled, the number of staff, budget allocation, sources of revenue, in-kind contributions, and board composition.
6. The *N* used for the comparison was 824; the 24 municipally run centers were dropped from the dataset for this analysis.
7. One adjustment was made to this subscale regarding provisions for parents. Because organizations could only receive a perfect score for this item if “Parents [are] involved in decision making roles in [the] program along with staff (Ex. Parent representatives on board).” (Harms et al., 2005), it was felt that including this dimension would be problematic in the regression analyses. In other words, using the variable *organizational form* to predict the ECERS-R score including parental representation on the board would be tautological. The maximum score available for this item was recalculated to be out of 6, and then rescaled so it would be equivalent to the rest of the items in the ECERS-R. Specifically, 1 was rescaled to 1.17; 2 to 2.33; 3 to 3.5; 4 to 4.67; 5 to 5.81; and 6 to 7.
8. A greater percentage of both cooperative and nonprofit child day care centers receive certain kinds of in-kind contributions compared to for-profit organizations; these are subsidized or free rent, utilities, maintenance and custodial services, and administrative support. A greater percentage of cooperative child day care centers also receive technical assistance compared to both nonprofit and for-profit centers.
Both cooperative and nonprofit child day care centers allocate a greater percentage of their budgets to staff wages and benefits compared to their for-profit counterparts, while for-profit child day care centers spend a greater percentage of their budgets on rent and utilities.
Regarding size, both cooperative and nonprofit child day care centers have more staff than for-profit centers. Nonprofit centers also have more full-time children between 3 and 4 years of age compared to for-profit centers, while cooperative centers have more full-time children aged 5 years and older compared to nonprofit child day care centers.
Finally, for sources of cash revenue, both cooperative and nonprofit child day care centers receive a higher percentage of their cash revenue from government grants for staff wages and to cover operational or equipment costs. They rely less on parent fees than their for-profit counterparts. Nonprofit child day care centers, however, also receive a higher percentage of government operating or equipment grants compared to cooperative child day care centers. No differences were found among the three organizational forms in terms of cash revenue from fundraising and government subsidies for low-income parents.
A table comparing these characteristics is available from the researcher upon request.
9. These findings, although they are presented from the perspective and requirements of the child day care centers, are in line with research that indicates that organizational form matters to individuals who volunteer. In other words, individuals are more likely to volunteer for a nonprofit compared to a for-profit or governmental organization (Handy et al., 2010).

Note that these authors did not disaggregate the nonprofit form into specific subtypes to explore potential differences in the likelihood to volunteer for a cooperative versus other subtypes of nonprofit organizations.

10. The fact that some nonprofits reported that annual meetings were not done is difficult to explain, since nonprofits are required by law to have an annual meeting to present their financial statements and to elect directors. Furthermore, the data set also revealed that about half of the for-profit centers also stated that such a meeting was voluntary or required, likely meaning that this question was interpreted by some respondents as an annual meeting that addressed strictly programmatic issues in the centers.

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Bio

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